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Worldwide Lodging Industry

Tenth Annual Report on International Hotel Operations

1980 Edition

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Foreword

by

The Rt. Hon. Lord Hirshfield, President
Horwath & Horwath International

This is the tenth annual edition of Horwath & Horwath International's report on the worldwide lodging industry. During that decade, tourism became widely recognized as a major contributor to the economies of many nations and a significant factor in the development of international commerce.

In 1970, international tourist arrivals were estimated at 169 million. In 1979, tourist arrivals had increased to 270 million. International tourist receipts in 1970 were estimated at US$17.9 billion; by 1979, the sum had risen to US$75 billion.

At the start of the 1970s, tourism was aided by such technological advancements as the jumbo jet, which entered commercial service in 1970. At the end of the decade, even larger aircraft were under consideration. During those intervening 10 years, however, tourism has been subjected to the influences of war, civil strife and dramatic changes in the governments of nations throughout the world. Tourism also has become a focus of terrorist activity; numerous airliners have been hijacked and restaurants and hotels have been bombed. In this context, one aim of the World Tourism Organization Conference, scheduled for Manila in October 1980, is to remind governments of their responsibilities to tourism beyond the economic and commercial considerations of the industry.

Since the tourism industry is a significant economic force worldwide (second only to the petroleum industry in terms of world trade), it is incumbent on everyone associated with the industry to help forge an improved spirit of solidarity internationally. In May 1980, for example, officials from 15 countries bordering the Mediterranean Sea committed their governments to a clean-up program for the world's largest tourist basin. Although the pollution of this sea is not caused solely by tourists, they (and the thousands whose livelihoods depend on tourism) are affected by it.

In other areas of the world, however, tourism and its attendant volumes of vacationers are polluters. For instance, Stonehenge, the nearly 4,000-year-old monument to man's ingenuity in Wiltshire, England, is now fenced off from the destructive feet of visitors. Will Egypt's pyramids suffer a similar indignity?

The potential for the tourism industry is unlimited; its market embraces the world and the demand for services within the industry grows in real terms annually. Traditionally, tourism has been viewed as an agglomeration of commercial enterprises, but the requirements of commercial interests need to be balanced against the long-term preservation of natural and cultural resources.

In the short term, established tourist destinations will continue to be affected by political, economic and commercial influences similar to those of the past 10 years. It would be unrealistic to suppose events such as the worldwide grounding of aircraft (DC-10's in 1979), the influx of refugees (Miami 1980) and the isolation of potential destinations (Moscow 1980) will not continue to occur.

In the next 10 years, should we be devising ways to minimize the impact of these occurrences for both the provider and consumer? Is the time now approaching for the creation of a "tourist dollar" currency? Can we foresee the establishment of a "tourism cartel" agreeing on prices and volumes?

Undoubtedly, transportation is the cornerstone of the tourist industry. Deregulation of air carrier tariffs has had a significant impact on North American routes. Should this occur on short-haul routes in Europe, the Continent's hotel industry would benefit from an increase in tourists, particularly in European cities that cater to business travelers. The result would be an almost certain boost in occupancy levels, a reversal of the current trend of limited and highly seasonal demand. Similar deregulation of air tariffs on long-haul routes from major tourist generating countries of northern Europe to more exotic Asian regions could, for example, dramatically affect the development of Malaysia's hotel industry. (Comments about the hotel industry from countries throughout the world, including Malaysia, begin on page 8.)

During the past 12 months, currency exchange rates, particularly against the U.S. dollar, have again created both disappointments and successes. One result has been a further decline during 1979 in the number of North Americans traveling to Europe, while intra-European travel has increased. In 1980, the Presidential election in the U.S. could signal a further decline in the number of U.S. citizens traveling abroad. But these are just immediate peaks and troughs in small segments of a vast industry. ■

Avant-propos

Cette année marque le dixième anniversaire de la publication de l'enquête de Horwath & Horwath International sur l'Industrie Hôtelière Mondiale. Au cours de cette décade, le tourisme a été largement reconnu comme un des premiers agents de l'équilibre économique de plusieurs nations; il est aussi devenu un facteur déterminant dans le développement du Commerce International.

En 1970, les arrivées des tourists internationaux étaient estimées à 169 millions. En 1979, elles ont atteint 270

millions. Les revenues générés par cette forme de tourisme étaient estimés à 17.9 milliards de dollars U.S. en 1970. L'accroissement enregistré au cours de la décade a permis d'atteindre les 75 milliards de dollars U.S. en 1979.

Au début des années 1970, le tourisme a bénéficié de nombreuses innovations technologiques, tels les avions gros porteurs entrés en service en 1970.

A la fin de la décade, des avions d'une capacité encore plus importante sont en projet. Cependant, au cours de ces dix ans le tourisme dans son ensemble a subi les influences de la guerre, de la contestation, et des changements dramatiques qui ont eu lieu au sein de nombreux gouvernements de par le monde.

Le tourisme s'est aussi transformé en point de mire pour les actions terroristes; de nombreux avions ont été détournés, et plusieurs hôtels et restaurants ont été détruits par les bombes.

Dans ce contexte, l'un des objectifs de la conférence organisée à Manille en octobre 1980 par l'Organisation Mondiale du Tourisme, sera de rappeler aux gouvernements leurs responsabilités par rapport au tourisme, au-delà des considérations d'ordre économique et commercial de l'industrie.

Depuis que l'industrie touristique est devenue une force économique mondiale de premier ordre (occupant la deuxième place en terme de commerce international derrière les industries du pétrole), il est du devoir de tous ceux participant à cette industrie d'aider à forger un meilleur état d'esprit sur le plan de la solidarité internationale.

En mai 1980, par example, des représentants officiels de 15 pays riverains de la Méditerranée ont engagé leurs gouvernements dans un programme de nettoyage du plus grand bassin touristique du monde. Malgré le fait que la pollution de cette mer ne soit pas uniquement due aux touristes, ils (et les milliers de gens dont les moyens d'existence sont basés sur le tourisme) sont affectés par la détérioration de cette mer.

Dans d'autres régions du monde cependant, le tourisme et ses masses de demandeur de loisirs sont des pollueurs. A titre d'exemple, signalons le fait que Stonehenge, ce monument de près de 4 000 ans dédié au génie de l'homme, et qui se trouve dans le Wiltshire, en Angleterre, a été protégé de l'invasion des touristes par une enceinte. Les pyramides d'Egypte souffiront-elles d'une pareille indignité?

L'avenir de l'économie du tourisme est sans fin; son marché recouvre le monde entier et la demande de services au sein de l'industrie croit réellement chaque année. Traditionnellement, le tourisme a été considéré comme une aggrégation d'entreprises commerciales, mais les exigences des intérêts commerciaux ont besoin de trouver un équilibre face à la préservation à long terme des ressources naturelles et culturelles.

A court terme, les destinations touristiques habituelles continueront d'être influencées par des données politiques, économiques et commerciales semblables à celles des dix années passées.

Il semblerait utopique de présager que des évènements tels que l'interdiction de voler aux avions DC-10 en 1979, ou l'arrivée des réfugiés à Miami en 1980, ou bien encore l'isolement de certaines destinations potentielles (Moscou 1980), ne pourraient plus se produire.

Dans les 10 prochaines années, devrions-nous inventer des moyens pour limiter l'impact de ces faits non seulement pour le fournisseur, mais encore pour le consommateur?

Est-ce que l'époque de créer un "dollar touristique" est sur le point de naître?

Pouvons-nous prévoir l'établissement d'un "Cartel touristique" qui s'entendrait sur les prix et les volumes d'affaires?

Sans aucun doute, les moyens de transports sont la pierre angulaire de l'industrie touristique. La levée de la règlementation des accords tarifaires de l'aviation civile a eu un impact significatif sur les lignes d'Amérique du Nord. Dans l'hypothèse ou ceci serait permis sur les moyens courriers européens, l'industrie hôtelière du continent bénéficierait alors d'un accroissement des flux touristiques, en particulier dans les villes d'Europe qui sont les lieux de destination privilégiés des hommes d'affaires. Le résultat serait alors un accroissement certain des niveaux d'occupation, et un renversement de la tendance actuelle caractérisé par une demande limitée ou fortement saisonnière.

Le même assouplissement de la règlementation des tarifications sur les longs courriers en partance des principaux pays d'Europe du Nord, émetteurs de tourisme à destination des régions lointaines d'Asie, pourrait par exemple affecter de manière dramatique le développement de l'industrie hôtelière de la Malaisie. (Les commentaires sur les activités hôtelières des pays du monde, Malaisie inclue, commence à la page 8).

Pendant les douze mois qui se sont écoulés, les taux de change, en particulier ceux du dollar U.S., ont créé à nouveau, succès et désenchantements. L'un des résultats a été caractérisé en 1979, par une baisse sensible du nombre d'américains du Nord voyageant en Europe, alors que les déplacements à l'intérieur de l'Europe se sont accrus.

En 1980, l'élection présidentielle aux Etats-Unis pourrait signifier une baisse plus importante du nombre de citoyens américains se rendant à l'étranger. Mais cela ne représente que des variations à court terme au sein de secteurs limités de cette immense industrie qu'est le tourisme. ■

Introducción

Esta es la décima edición anual de nuestro informe sobre la industria hotelera mundial. Durante esta década, se ha reconocido al turismo como una contribución importante a la economía de muchas naciones y como un factor significativo en el desarrollo del comercio internacional.

En 1970, el número de turistas se estimó en 169 millones. En 1979, este número aumentó a 270 millones. Los ingresos por concepto del turismo internacional en 1970 se estimaron en US$17.9 mil millones; en 1979, esta suma aumentó a US$75 mil millones.

Al inicio de los años 70, el turismo observó ciertos avances tecnológicos como el "Jumbo Jet," que entró en servicio en 1970. Al final de la década, se consideraron aviones de mayor capacidad. Durante los diez años intermedios, el turismo ha estado sujeto a las influencias producidas por guerra, disturbios civiles y cambios dramáticos en los gobiernos a través del mundo. El turismo tambien ha sufrido las consecuencias del terrorismo; numerosas lineas aereas han sufrido secuestros y restaurantes y hoteles han sido víctimas de bombas. Bajo este criterio, un objetivo de la conferencia de la Organización Mundial del Turismo, programada para Octubre de 1980 en Manila, es de recordar a los gobiernos sus responsabilidades hacia el turismo más allá de las consideraciones económicas y comerciales de la industria.

Considerando que la industria turística es una fuerza mundial económica de importancia (ocupando el segundo lugar en términos del comercio mundial, después de la industria petrolera), es preciso que toda persona asociada con la industria ayude a mejorar el espíritu de solidaridad internacional. En Mayo de 1980, por ejemplo, las autoridades de 15 países que bordean el mar Mediterráneo comprometieron a sus respectivos gobiernos a establecer un programa de limpieza del foco turístico más grande del mundo. Aunque la contaminación de este mar no ha sido causada exclusivamente por los turistas, ellos (y los miles que dependen del turismo como fuente de ingreso), son afectados.

En otras partes del mundo, sin embargo, el turismo sí ha causado problemas de contaminación; por ejemplo, Stonehenge, un monumento al ingenio del hombre de aproximadamente 4,000 años, ubicado en Wiltshire, Inglaterra, está cercado para evitar su destrucción por las pisadas de los visitantes. Sufrirán las pirámides de Egipto la misma indignidad?

El potencial para la industria turística es ilimitado; su mercado abarca el mundo y la demanda por sus servicios dentro de la industria crece en términos reales anualmente. Tradicionalmente, el turismo ha sido visto como una aglomeración de instituciones comerciales, pero los requisitos de los intereses comerciales han de ser equilibrados con la preservación a largo plazo de los recursos naturales y culturales.

A corto plazo, los destinos turísticos establecidos continuarán siendo afectados por influencias políticas, económicas y comerciales similares a lo acontecido durante los últimos diez años. Sería irreal suponer que eventos tales como la suspensión de vuelos (DC10 en 1979), el flujo de refugiados (Miami 1980) y la limitación de viajes a ciertos destinos (Moscú 1980), no volverán a suceder.

En los próximos diez años, deberíamos encontrar métodos para limitar el impacto de estos sucesos para tanto el proveedor como el consumidor? Ha llegado el momento de la creación del "dólar turístico"? Podemos proyectar el establecimiento de un "cartel turístico" que reconcilie los precios con los volúmenes?

Sin duda alguna, el transporte constituye un factor importante para la industria turística. La deregulación de las tarifas aéreas ha tenido un impacto significativo en Norteamérica. Si ésto ocurriese en las rutas europeas, la industria hotelera en el continente se beneficiaría por el incremento de turistas, particularmente en ciudades europeas cuya demanda es mayormente el viajero comercial. El resultado sería seguramente un aumento en los niveles de ocupación, una variación en las tendencias de demanda actuales. Deregulaciones de tarifas aéreas para las rutas desde los centros turísticos en la zona norte de Europa hasta las regiones más exóticas del Asia podrían, por ejemplo, afectar dramáticamente el desarrollo de la industria hotelera de Malasia. (Comentarios sobre la industria hotelera de los diferentes países del mundo, incluyendo Malasia, empiezan en la página 8).

Durante los últimos doce meses las tasas de cambio de moneda, particularmente contra el dólar americano, han creado desilusiones y éxitos. Uno de los resultados ha sido una reducción en el número de norteamericanos que visitar en Europa en 1979, mientras que los viajes dentro de Europa han aumentado. En 1980, las elecciones presidenciales en los Estados Unidos podrían significar una major reducción en el número de americanos que viajan al exterior. Pero estos son solamente altos y bajos inmediatos en pequeños segmentos de una gran industria. ■

Vorwort

Dies ist der zehnte Jahresbericht von Horwath & Horwath International über das weltweite Hotelgewerbe. In diesen zehn Jahren hat der Tourismus in vielen Ländern einen wesentlichen Beitrag zur Wirtschaftsentwicklung erbracht und sich als ein bedeutender Faktor in der Entwicklung des internationalen Handels erwiesen.

Für 1970 wurde die Anzahl der internationalen Touristen auf 169 Millionen geschätzt. In 1979 stieg diese Zahl auf 270 Millionen. Die Einnahmen aus dem internationalen Tourismus wurden für 1970 auf US$17,9 Milliarden geschätzt. In 1979 stieg diese Summe auf US$75 Milliarden.

Zu Beginn der siebziger Jahre wurde der Tourismus durch technischen Fortschritt wie den Jumbo Jet gefördert, der 1970 in Dienst gestellt wurde. Am Ende der siebziger Jahre wurden noch grössere Flugzeuge in Erwägung gezogen. In den dazwischen liegenden zehn Jahren unterlag der Tourismus in der ganzen Welt jedoch den

Einflüssen von Krieg, Unruhen und dramatischen Veränderungen in den Regierungen der Länder. Der Tourismus wurde sogar zum Gegenstand terroristischer Aktivitäten wie etwa bei der zahlreichen Entführung von Flugzeugen und der Bombardierung von Restaurants und Hotels. In diesem Zusammenhang ist es eines der Ziele der im Oktober 1980 in Manila vorgesehenen Konferenz der Welt Touristik Organisation, die Regierungen auf ihre Verpflichtungen im Bereich des Tourismus zu erinnern, die über die volkswirtschaftlichen und betriebswirtschaftlichen Aspekte dieses Gewerbes hinausgehen.

Seit dem das Touristengewerbe weltweit eine bedeutende wirtschaftliche Macht darstellt (im Welthandel an zweiter Stelle nach der Mineralölindustrie), ist es die Pflicht eines jeden, der mit diesem Gewerbe verbunden ist, international für eine Verbesserung des Gemeinschaftsgeistes zu sorgen. Zum Beispiel haben im Mai 1980 Vertreter von 15 Anrainerstaaten des Mittelmeeres ihre Regierungen zu einem Programm zur Beseitigung der Verschmutzung dieses grössten Meeres für Touristen in der Welt verpflichtet. Wenn auch die Verunreinigung dieses Meeres nicht allein durch Touristen verursacht wurde, so werden sie und die Tausenden, deren Lebensunterhalt vom Tourismus abhängt, hierdurch betroffen.

In anderen Gegenden der Welt verursachen jedoch der Tourismus und die damit verbundene Flut von Urlaubern die Umweltverschmutzung. Stonehenge zum Beispiel, ein nahezu 4.000 Jahre altes Denkmal für die Geschicklichkeit der Menschheit, wurde jetzt zum Schutz vor den zerstörerischen Füssen der Besucher eingezäunt. Werden die Pyramiden in Ägypten eine ähnlich unwürdige Behandlung erleiden?

Die Entwicklungsmöglichkeiten des Touristengewerbes sind unbegrenzt; sein Markt umfasst die ganze Welt und die Nachfrage nach Dienstleistungen dieses Gewerbes wächst real von Jahr zu Jahr. Üblicherweise wurde der Tourismus als eine Anhäufung von Wirtschaftsunternehmen angesehen, jedoch müssen die Anforderungen der Wirtschaftsinteressen gegen die langfristige Bewahrung von Natur und Kultur abgewogen werden.

Auf kurze Sicht werden die bestehenden Touristenziele weiterhin durch politische, volkswirtschaftliche und betriebswirtschaftliche Einflüsse ähnlich wie in den letzten zehn Jahren tangiert werden. Es wäre unrealistisch anzunehmen, dass Ereignisse wie das weltweite Startverbot von Flugzeugen (DC-10 in 1979), der Zustrom von Flüchtlingen (Miami 1980) und die Isolierung möglicher Reiseziele (Moskau 1980) zukünftig nicht eintreten würden.

Sollten wir in den nächsten zehn Jahren Wege finden, um den Einfluss dieser Ereignisse für Anbieter und Konsumenten von Dienstleistungen im Touristengewerbe zu verringern? Ist die Zeit für die Schaffung einer Währung "Touristen Dollar" gekommen? Können wir die Errichtung eines "Tourismus Kartells" zur Festlegung von Preisen und Absatzmärkten voraussehen?

Ohne Zweifel stellt der Transport den Eckpfeiler des Touristengewerbes dar. Das Auseinanderfallen der tariflich gebundenen Flugpreise hat einen bedeutenden Einfluss auf die Nordamerika Routen gehabt. Sollte dies auch bei den Nahverkehrsstrecken in Europa geschehen, so würde hiervon das Hotelgewerbe auf dem Kontinent, insbesondere in den europäischen Städten, die Geschäftsreisende anziehen, durch eine Zunahme von Touristen profitieren. Das Ergebnis wäre ein nahezu sicheres Ansteigen der Belegungsraten und eine Umkehr des derzeitigen Trends einer begrenzten und höchst saisonabhängigen Nachfrage. Ein ähnlicher Zusammenbruch von Flugtarifen auf den Fernverkehrsstrecken von den grösseren Touristenursprungsländern Nordeuropas zu den mehr exotischen Gegenden Asiens könnte zum Beispiel die Entwicklung des Hotelsgewerbes in Malaysia erheblich beeinflussen (Berichte über das hotelgewerbe aus den Ländern der ganzen Welt einschliesslich Malaysia sind auf Seite 8 veröffentlicht).

Während der vergangenen zwölf Monate hat die Entwicklung der Wechselkurse, insbesondere die des US Dollars, wieder sowohl Enttäuschungen als auch Erfolge hervorgerufen. Eine Folge war in 1979 die weitere Verringerung der Anzahl von Touristen aus Nordamerika in Europa, während die Reisen innerhalb Europas zugenommen haben. 1980 könnte die Wahl des amerikanischen Präsidenten zu einem weiteren Rückgang von Auslandsreisen der U.S. Bürger führen. Dies sind jedoch nur unmittelbare Höhen und Tiefen in kleinen Teilbereichen eines grossen Gewerbes. ■

Comments from Around the World

Africa

From Morocco

The number of international visitors increased only 0.9 percent in 1979 (excluding the flow of Moroccan nationals who returned from working abroad). This low rate of growth is due mainly to a 65.3 percent increase in the number of cruise ship passengers: 113,500 passengers in 1979 versus 68,700 passengers in 1978. Actual international arrivals dropped from 1,112,600 in 1978 to 1,078,700 in 1979, a 3 percent decrease.

As the result of hotel planning and construction programs during 1979-1980, total hotel bed capacity is expected to reach 69,000 beds by the end of 1980, a 20 percent increase over the 57,000 beds registered in 1978.

The Tourism Development Five-Year Plan (1980-1985) projects that 100,000 hotel beds will be available by 1985, enabling the country's hotel industry to accommodate five million visitors annually. The plan calls for the annual construction of 20 hotels, as well as 20 village-type resorts. Such projected development would enable the Moroccan Government to meet a need for an estimated US$3.5 billion per year in foreign currencies.

Christian LaPorte
Consultant
Horwath & Horwath France
Paris

From Sudan

A weakness in the balance of payments is fundamental to Sudan's economic problems. This year's deficit is officially estimated at US$675 million, which is partially offset by large sums of foreign currency (or essential commodities) from Saudi Arabia, the International Monetary Fund and Western donors. Oil exploration still offers a small ray of hope, too. In February 1980, Chevron announced a flow rate of approximately 3,000 barrels a day from one of their wells in the Upper Nile Province. Meanwhile, exploratory drilling continues. However, the extent to which Sudan will become an oil exporter, or will produce enough to meet domestic requirements, must, for the time being, remain a matter of speculation.

Against this recessionary background, the country's Tourism and Hotels Corporation (THC) is stoically optimistic about the future of tourism in Sudan. As reported in *Worldwide Lodging Industry Midyear Commentary 1979-1980,* the THC announced hotel development plans for Juba. At Port Sudan, construction will begin shortly on a property that will be operated by an international hotel company and the operators of the Red Sea Hotel plan to expand that facility.

The THC recognizes that a lack of accommodations and inadequate infrastructure are major drawbacks to significant development of the tourism industry in Sudan and aims to develop such facilities as part of a phased plan. The goal ultimately is to include Sudan as a natural extension of the Egyptian tourist circuit by promoting such attractions as the archaeological sites of northern Sudan and the Premier National Park at Dinder along the Ethiopian border. Other proposed tourism developments include tourist villages at Jebel Mara, Jabel Awlia, Umdom, Shendi and Radom.

Horward Williams
Consultant
Horwath & Horwath (U.K.) Ltd.
London

From Tunisia

The number of visitor arrivals from abroad increased significantly during 1979. There was an 18.7 percent increase in 1979, compared with 1978, or a total of 1,356,000 arrivals.

The French ranked first among international visitors, accounting for 31 percent of the arrivals. However, the most significant growth in demand came from northern Europeans. In 1979, the number of West German visitors increased 45 percent compared with 1978; British, 36 percent; Dutch, 34 percent, and Austrians, 33 percent. The number of French visitors increased 7.5 percent.

The average length of stay for all visitors during 1979 was 8.8 days (8.3 days in 1978), resulting in a 27 percent increase in the number of guest nights, which totaled 12 million in 1979 (9.5 million in 1978). Eighty-seven percent of the guest nights were recorded in the main tourist areas—Sousse, Monastir, Hammament, Nabeul and Juba. Bed capacity increased 4.8 percent in 1979 to 68,850 beds. The average occupancy ratio was 48 percent in 1979 compared with 38 percent in 1978.

Income for the tourism industry totaled 215 million dinars in 1979

compared with 167 million dinars in 1978, a 28 percent increase.

Dominique Gagnard
Partner
Horwath & Horwath France
Paris

Asia

From India

While Indian Government officials recognize that India's culture offers a variety of attractions – diverse lifestyles, rich flora and fauna, and choice resorts – the number of tourists annually visiting the country is far below its potential. India's earnings from 800,000 tourists totaled US$412.5 million in 1979, a sum far short of expectations, particularly when compared with the larger numbers of international travelers visiting such nations as Sri Lanka, Hong Kong, Singapore, Thailand and Mexico.

To boost tourism, the Tourist Ministry has drafted a 10-year plan estimated to cost US$6.25 million. The major features of the plan include:

- Increase arrivals by 1990 to a projected 3.5 million tourists a year.
- Increase the number of aircraft flown by Air-India and Indian Airlines.
- Modernize and develop airports.
- Increase the number of hotel rooms to 70,000 (current supply totals 20,000 rooms). The emphasis will be on three- and four-star hotels.
- Provide employment for 2.5 million people.
- Import luxury cars and air-conditioning units.

Despite the current relatively low rate of tourist arrivals, the hotel industry (particularly five-star facilities) had a good year in 1979; there was a high rate of occupancy and earnings. All large hotel groups (Taj, Welcom, Oberoi and ITDC) plan to expand their operations in India and abroad.

A recent announcement by the Minister for Tourism favoring recognition of the hotel business as an "industry" was well received by hoteliers and travel agents, who now look forward to greater incentives. In that context, it is paradoxical that 1980 budget proposals call for a tax of 15 percent on gross receipts of hotels beginning September 1, 1980. The proposal is an apparent attempt to check "lavish expenditure incurred on accommodation and entertainment in luxury hotels" by Indian nationals.

V. N. Raiji
Partner-in-Charge
N. M. Raiji & Co.
Bombay

From Indonesia

In 1979, foreign tourist arrivals totaled 501,340. One million arrivals are projected by the end of the government's five-year development plan in 1984. This is an optimistic forecast in view of the current world economy.

It is projected that during the 1980s Indonesia's:

- Gross Domestic Product will grow at an annual rate of 28 percent;
- Domestic air passenger arrivals will increase 28 percent annually, and
- International air passenger arrivals will increase 22 percent annually.

Some current developments in the nation's tourism industry include:

- Restoration of the eighth century Central Javanese Buddhist Sanctuary is scheduled for completion in 1982. This project is being financed by UNESCO and donations from several countries.
- The Regent of Benakutai hotel at Balikpapan opened in April 1980.
- The Hotel Simpang at Surabaya is expected to open by the end of 1980.
- In Nusa Dua, construction is expected to begin during 1980 on a 450-room hotel and ground is scheduled to be broken for a 400-room property by the end of 1981.

The prospects for Indonesia's lodging industry are good.

Herman Budiarso
Director
Drs Machdjud Modopuro & Co.
Jakarta Kota

From Malaysia

There was a marginal gain of 1.2 percent in the number of visitors to Malaysia in 1979, well below the targeted increase of 5-6 percent per year. The table pertaining to visitor arrivals reveals that the largest decrease was in the number of travelers from Australia and New Zealand, followed by Japan. The decline is being partially attributed to the abolition of stop-over privileges for Singapore/Malaysia on airline routes between Australia and London, to the three-month strike by MAS (the national carrier), and to the temporary grounding of two MAS DC-10's, which operated between Kuala Lumpur and Japan.

The Kuala Lumpur International Airport at Subang reported a decline of about 6 percent in the total number of passenger arrivals, from 2,125,000 in 1978 to 1,998,223 in 1979. However, the decrease appeared to be due to fewer domestic passenger arrivals; foreign air passenger arrivals increased from 495,342 in 1978 to 536,534 in 1979. Visitor arrivals by air represented 37.9 percent of the total number of arrivals in Malaysia in 1979.

Most hotels in the country apparently registered no decrease in occupancy rates. A recent survey of major hotels in Kuala Lumpur-Petaling Jaya revealed that the average occupancy of these properties rose to 76.6 percent, a significant increase over the average of 65.6 percent reported in 1978 (55.5 percent in 1977) for hotels of 100 rooms and more.

In Kuala Lumpur, Penang and most state capitals, new hotels have been proposed or are under construction. A 120-room Holiday Inn is scheduled to be built in Ipoh and a 600-room international hotel in Kuala Lumpur. An investor is negotiating for a newly built hotel in Penang that has more than 100 rooms. State capitals previously had lagged behind in development but are now making progress; in Kuala Trengganua, for instance, a hotel operator has begun an ambitious expansion plan. The Tourist Development Corporation's (TDC) three projects on the east coast have opened. They are the 600-bed Club Mediterranée, the 100-room Tanjung Jara Beach Hotel and the Rantau Abang Visitors Centre.

For some hotel operators, the turnaround in business came too late.

MALAYSIA (Visitor Arrivals)

Country of Origin	1978 Number of Visitors	1978 Percent Contribution	1979 Number of Visitors	1979 Percent Change
ASEAN countries	767,199	54.8	798,088	+ 4.0
Australia & New Zealand	125,042	8.9	105,529	−15.6
Japan	117,668	8.4	102,673	−12.7
U.S.A. & Canada	92,224	6.6	87,992	− 4.6
Continental Europe	82,399	5.9	87,382	+ 6.0
U.K. & Ireland	90,269	6.5	86,055	− 4.7
India	52,576	3.8	62,931	+19.7
Others	71,681	5.1	85,728	+19.6
	1,399,058	100.0	1,416,378	+ 1.2

(Source: Tourist Development Corporation)

Burdened by loans to finance heavy deficits suffered in the last five to ten years, they cannot meet the repayment terms. The operators of two medium-size hotels are expected to go into receivership and another will be saved by government funds. There are also other problems. For example, the Penang International Airport had to be closed to large jets because of construction problems.

Monitoring the tourist industry in Malaysia can be difficult because of the large flow of people along the border with Thailand and the causeway leading to Singapore. In the former case, local residents find it troublesome to follow immigration procedures daily and cross the border illegally. In the case of the Johor Baru causeway, the proximity of Singapore allows visitors to return without spending a night in Johor. The TDC has solved the problem temporarily by excluding all Singaporeans crossing the causeway by car. This is, however, a short-term solution; a better way has to be found.

Ali Abdul Kadir
International Liaison Partner
Lim Ali & Co.
Kuala Lumpur

From Singapore

In March 1980, the Minister for Trade and Industry outlined the following goals for the travel industry in Singapore:

- Increase visitor arrivals from 10 to 12 percent per year;
- Encourage increased spending by tourists;
- Increase the number of hotel rooms, and
- Increase visitors' length of stay beyond the present average of 3.8 days.

According to the Singapore Tourist Promotion Board's projections, 25,750 rooms will be required to cater to four million visitors at the ideal occupancy rate of 80 percent in 1985. In 1981, only 14,478 rooms will be available for the projected 2.72 million visitors expected; the occupancy rate is estimated to be 89.8 percent. The high tariffs that usually accompany a tight room supply could affect the strong competitive position Singapore now enjoys as a tourist destination.

Other projections indicate that 21,000 workers will be required in the industry by 1985. This figure will account for 15 percent of the expected total increase in the labor force. A possible labor shortage and increasing wages has led to renewed interest in manpower development. Hopefully, the present room to worker ratio of 1:1.3 can be reduced without sacrificing the high standard of service in Singapore. Computerization, job enrichment, work methods programs and fellowships are some of the measures being studied or implemented.

Another development is a revived interest in preserving the historical past and cultural distinctions of Singapore, both for posterity and as a tourist attraction. For example, it has been suggested that night markets ("pasar malams") be revived and that buildings of historical and artistic interest be preserved, as well as the lifestyles of such districts as Serangoon Road ("Little India"). Complementary programs have been organized to highlight the various festivals celebrated by the different racial groups in Singapore.

Patrick K. C. Tay
Partner-in-Charge
Patrick Tay & Co.
Singapore

Australasia

The increase in the number of international visitors to Australia and New Zealand, resulting from the introduction of Super Apex fares in 1979, has stimulated much interest in new tourist facilities by financiers, developers and hotel operators. This is particularly evident in the lodging industry, with major hotel chains actively seeking to establish or expand their existing operations in Australasia.

Major new hotel projects under construction include the 300-room Sydney Airport Hilton (expected to be completed in December 1980) and the 385-room Wentworth Melbourne (scheduled to open in early 1981). Construction has begun on the 600-room Regent of Sydney, the 400-room Adelaide Hilton and the 200-room Regency Inn in Melbourne. In Australia, a number of other projects are being considered, including a 550-room international hotel at the Melbourne World Trade Centre, a 300-room Hilton Hotel in Brisbane and a 300-room convention hotel in Canberra.

Capitalizing on the success of its hotel in Perth, Sheraton Corporation is seeking to expand its operations in Australasia. In New Zealand, the firm is looking for a site to build a 450-room hotel in Auckland and is also interested in developing a property in Wellington, as well as in other major cities in Australia.

This year group travel has increased, especially from Asia and the United States, resulting in an average annual occupancy for many first-class properties of more than 80 percent.

We expect average room rates will increase by about 15 percent during 1980. The rate of increase is running ahead of inflation, currently 10–11 percent in Australia, largely because

of penalty rates on wage contracts and increasing energy costs.

During 1979-80, there has been a strong growth pattern in convention travel; domestic airlines report a 15-20 percent increase in national convention business. The growth in international convention travel to Australia is constrained by the lack of a large world standard convention facility. Both the Australian Government and the state governments are considering major convention centers in Canberra, Melbourne and Sydney.

Hotel food and beverage sales continue to produce diverse results. Hotels with well-established fine dining and specialty restaurants are achieving good sales. Other hotels are seeking to improve sales by restyling their restaurants or by instituting promotional campaigns. Marketing techniques relating to room sales include the introduction of floors for nonsmokers.

The impact of oil price increases is having a significant effect on travel patterns, with more people flying (rather than driving) to distant holiday destinations. They either buy a package tour or a discounted Apex airfare. The impact is also being felt in more remote tourist areas where motel occupancies are down, since people are traveling to destinations closer to home. This trend is expected to stimulate interest in tourist accommodations and resort developments closer to major metropolitan centers.

E. Eugene Falk
Chairman
Horwath & Horwath Australia
Melbourne

Caribbean

General Comments

The comments for the Caribbean have been compiled by Eliberto J. Gracia, senior principal, Laventhol & Horwath, Miami, and Horwath & Horwath International's Coordinator for Latin America, and Michael A. Stein, manager, L&H, Miami, with the cooperation of the HHI member firms named.

The Caribbean islands generally have not experienced significant changes in tourist traffic or in the supply of available hotel facilities. The flow of tourists to the region is directly associated with the political climate. For example, significant decreases in the number of foreign tourists have been observed in the islands of Jamaica and Grenada as a consequence of political unrest and government ideologies. Another important factor affecting tourism development is the availability of direct air transportation to and from the destination. For instance, high occupancy levels have been recorded at better facilities on Barbados, the Bahamas and the U.S. Virgin Islands because of the excellent air service between these islands and major North and South American and European gateways.

Resorts in the western Caribbean islands have experienced occupancies in the 60 to 70 percent range during the past year, while northern Caribbean islands have had occupancies in the 70 to 80 percent range.

Ease of travel, competitive airfares and proximity to North and South America are key factors that will determine the future growth of tourism in the Caribbean.

Eliberto J. Gracia
Senior Principal
Michael A. Stein
Manager
Laventhol & Horwath
Miami

From the Dominican Republic

During 1979, the number of tourists increased about 17 percent. An estimated 538,000 tourists arrived in the country during the year; they generated more than US$125 million in gross revenue. The Secretary of Tourism currently is developing a national master plan for the development of tourism. The plan will define the regional policy and determine the development initiatives that will be implemented under the present government.

The prospects for tourism development are bright. Recently, the Puerto Plata International Airport was inaugurated in the northern section of the country; it establishes the basis for a tourist infrastructure. Air Florida, a south Florida commercial air carrier, initiated international flights from Miami to Puerto Plata and projects a significant increase in passengers during the winter of 1980-1981; other airlines are currently negotiating routes into Puerto Plata and Santo Domingo.

The Puerto Plata region is being administered by the Tourist Department (INFRATUR) of the Central Bank of the Dominican Republic and the development is financed by the World Bank. When completed, the project will include miles of paved highways, aqueducts, several golf courses and other tourist attractions such as multiple hotel units, recreational parks, etc. The first hotels recently were opened and include a 68-unit "Villas De Golf." Club Med expects to open a 360-unit hotel on the east coast in December 1980. Other projects officially announced by the Ministry of Tourism include the construction of a resort hotel in Boca Chica, located about 30 kilometers east of Santo Domingo.

Sotero Peralta y Asociados
Santo Domingo

Europe

General Comments

During 1979 (and continuing into 1980), the traditional mass tourist movements of major European generating countries exhibited several changes.

The regular flow of tourists to Spain, including large numbers of Germans, British and Scandinavians, has declined and alternative destinations have emerged. Some reasons for this shift are attributed to the relationship of the dollar to European currencies, escalating prices in Spain and the seemingly precarious nature of the political situation in several areas, including the uncertainty caused by the new wave of terrorist activities in Spain. As a result, Portugal, Yugoslavia, Greece, North Africa, the Caribbean and particularly the United States have emerged as economically viable and competitive alternatives for European and international tourists.

An indication of these shifts is illus-

trated in statistics that reveal that German arrivals in Spain declined 9 percent during 1979. Majorca, one of Spain's most popular destinations, is bracing for a decline of up to 15 percent in tourist arrivals in 1980; bookings so far this year from Germany and Great Britain (which represent 57 percent of tourism to the islands) are down 27 and 10 percent respectively.

Throughout Europe in 1979, international tourist arrivals increased by only 3 percent over 1978; receipts increased 14 percent. These totals compare with annual average increases throughout the preceding decade of just under 6.5 percent and 18 percent respectively.

Prospects for tourism to Europe are currently being studied and the International Hotel Association (of which Horwath & Horwath (U.K.) Ltd. is a member) has expressed its views to the European Travel Commission on some aspects of these trends.

In the future, European domestic tourism is expected to improve as the frequency of short holidays increases, thereby stretching the holiday seasons at many destinations. However, this trend will contribute to the troubles of some tour operators who are bypassed by the ease of access to internal holiday packages. Indeed, during 1979, a number of European tour operators encountered difficulties.

For some Europeans, "social tourism" is of special interest. The governments of several countries – for example, France, Germany and Holland – have sanctioned holidays for economically deprived or otherwise disadvantaged groups, who are provided transportation to holiday facilities.

Gloomy economic predictions for 1980 tend to dominate most European countries. Sharply rising unemployment – with possible increases of 3.5 million to a total of 20 million – has been forecast for the OECD (Organization for Economic Cooperation and Development) area as a whole. Other projections include only marginal increases in real disposable incomes in the region and a reduction in automobile travel, both abroad and at home, to offset increasing fuel costs.

The European Economic Community (EEC) generally is about to face major financial problems and an almost inevitable financial restructuring. Largely because of the Common Agricultural Policy, the EEC will shortly face a situation in which expenditures will exceed maximum constitutional income.

Despite financial problems, the EEC is currently considering admission of Greece, Spain and Portugal, countries with serious employment and industrial problems. There is concern that these countries alone could absorb most or all of the EEC's regional aid funds to the detriment of the present beneficiaries, which include Ireland, Greenland, Wales and Italy. Some of these latter areas are involved in tourism infrastructure projects.

A recent development in Europe calls for the gradual deregulation of European airfares and operations. Faced with the example of deregulation in the U.S., the EEC Council of Ministers approved an investigation into European airfares, an action urged especially by Great Britain. So far, a major stumbling block to a reduction in airfares has been the resistance by many of the EEC's national (and government subsidized) airlines, the most vocal of which has been Italy's Alitalia. It has been argued that standard fares on short- and medium-haul routes in Europe are 75 to 100 percent higher than for equivalent distances in the U.S.

Should deregulation occur in Europe, it is likely to have implications for the future of European tourism. The Continent's travel press recently proclaimed that travel agents should be prepared to offer a more complete service and that their sales should be widened to include all facets of travel. This proposal prompts us to suggest that the increasing availability of low airfares will lead to the equivalent of "supermarket" travel agency chains. Such agencies will deal directly with airline companies, as well as perhaps with groups of hotels organized on a cooperative basis. Apparently, the market would be receptive to such changes in this sector of the industry.

Having used package tours as an introduction to foreign travel, tourists might be more willing to turn increasingly to the flexibility of independent travel. Such a trend would be encouraged by the cheaper airfares that would emerge from deregulation. A recently issued report on leisure markets prepared by a leading U.K. forecasting agency predicts that the independent overseas holiday sector will increase at a slightly higher rate than the inclusive holiday sector.

Another possible change in the European tourism industry is the impending battle for supremacy in travelers check sales. It is estimated that this market is currently worth about US$35 billion and could increase to US$80 billion by 1988. Up to now the market has been dominated by American Express. However, that company's leading position will face increasingly more competition, especially from some European banks. Also, such giants as VISA and Master Card will direct their marketing efforts specifically toward European vacationers.

Tourism is a dynamic industry and, despite the serious economic prospects emerging in Europe, could well be one of the few sectors of the European economy to grow. Certain nationalities seem determined to travel abroad despite gloomy prospects while others choose to holiday nearer to or at home.

Generally, however, most Europeans currently regard a holiday as an inviolate factor of their lifestyle, thus contributing to tourism's buoyancy, in whatever form. The domestic economic considerations that could impair the European holiday market will require further analysis because of evolving economic events.

Jonathan Bodlender
Managing Director
Horwath & Horwath (U.K.) Ltd.
London

From Denmark

The number of tourists and guest nights decreased in Denmark during 1979. However, this trend was reversed in the first quarter of 1980 when guest nights increased 5 percent over the same period in 1979. The entire increase was registered in regions outside Copenhagen and is attributed to a rise in the number of foreign tourists.

Several unconventional campaigns are underway to induce Danish citizens to vacation in their own country.

All sections of the Danish tourist industry are promoting the country as a more attractive alternative to a holiday abroad. For example, the Hvilde Hus hotel chain offers a week's stay with breakfast at DKr 840.00; the Hotel Marienlyst at Helsingor (also called "The Nordic Coastal Corner") has opened a new section with first-class self-catering flats for DKr 1,900.00 per week. In recent years, several new resort hotels have been established along the Danish coast. These facilities also contain self-catering units, which are much in demand during the holiday season.

New camping ideas are also being tried. In north Jutland, "farmhouse camping" is offered. Small groups of campers are located close to a farmhouse surrounded by traditional farming activities.

All these ideas are being promoted by Danish tourist officials, who are marketing holiday packages in Denmark at a price that competes with charter holidays abroad.

Ib Jenlev
Partner-in-Charge
Revi-Consult Odense
International Auditing ApS.
Odense

From France

Current statistics relating to tourism in France reveal an overall increase for the industry during 1979.

The number of international visitors increased 4.5 percent to 28 million, up from 26.2 million in 1978. In 1979, the amount spent by international travelers rose only 11 percent (30.5 billion francs); the average amount spent per person was lower in 1979 than in 1978. The number of vacationing French nationals increased 6 percent in 1979; there is an emerging trend among this group toward more short-term holidays. Spending by French nationals increased five billion francs in 1979 compared with the previous year.

New investments are being made in French hotel industry, particularly in the central areas of major cities like Paris, Lyon, Strasbourg and Nice. Several national and international chains are either investigating the feasibility of or planning new properties in these cities.

Two-star hotel chains are developing their operations throughout France, and major French hotel companies continue to expand internationally. Expansion has not been evident, however, in the deluxe hotels of Paris, which represent 50 percent of the entire deluxe room supply in France. Indeed, average occupancy for such properties decreased to 70 percent in 1979 from 72 percent in 1978; the decrease was compensated by a 20 percent increase in the average room rate. This increase follows a pattern that began early in 1977, continued through 1978, 1979 and into the first quarter of 1980.

Occupancy levels for first-class and tourist hotels increased during 1979; the average room rate was up 14 percent over 1978.

René Amirkhanian
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Horwath & Horwath France
Paris

From Greece

Foreign tourist arrivals in Greece increased fourfold between 1970 and 1979, with substantial increases each year except 1974, when political instability caused a decline.

During 1979, the increase in tourist arrivals was about 14 percent. The markets that generated the most growth in demand were Japan, the United States and Italy; the destinations within Greece that experienced the greatest rate of growth in demand were the island resorts of Crete, Rhodes and Corfu.

The continued increase in demand for Greece as a destination is easy to understand. In terms of its market profile, Greece is considered one of Europe's major tourist destinations, comparable to Spain; yet, it only had a total of approximately six million tourists in 1979, compared with Spain's 39 million. Although the Spanish figures are distorted by nonholiday visitors and citizens from bordering countries, it is apparent that a small displacement of demand from Spain could cause a dramatic percentage increase in visitors to Greece.

In recent years, tourists have become more selective in their choice of holiday destinations and Greece is one of the "new" destinations to benefit from this trend. However, to retain these new markets, the Greek tourist industry must be managed better.

Some frequent criticisms have focused on the quality of hotel service, recreation amenities (particularly sports facilities) in both resorts and hotels, and the tendency toward overbooking at properties on the more popular islands. There is also a danger that the industry will overreact to the successes of recent years and make unnecessarily large price increases.

Due to the world recession and particularly the decline in the number of Americans traveling abroad during 1980, it is unlikely that the growth in overseas arrivals will be maintained this year. However, the long-term outlook is promising, especially if the general problems referred to above are overcome.

Dermot C.A. Mathias
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London

From Italy

The Italian hotel industry (and related tourism facilities) had an excellent year during 1979. The return of tourists to Italy coincided with a reduction in the flow of visitors to other Mediterranean countries such as Spain and Greece, which in recent years had attracted a sizeable share of the visitors who normally traveled to Italy.

During 1979, there was a renewed interest in hotel investments and some new hotels opened.

Still, the outlook for the industry is not good. Operating costs have increased about 20 percent a year and the world's petroleum crisis has adversely affected transportation costs. Italy's political turmoil is another negative factor affecting the industry.

Italian hoteliers are anxious about the final results for 1980. During the first months of the year the number of tourists declined slightly.

Massimo de Rosa
International Liaison Partner
Horwath & Horwath Italia sas
Rome

From the Netherlands

While reviewing the state of the industry for 1979, we encountered problems in trying to relate published statistics of various official agencies to each other. For instance, the government's Central Statistical Office announced that hotel sales increased 5 percent, but so did prices. Thus, it can be concluded that there was no advance in production. The statistical offices for Amsterdam and The Hague announced, however, that guest nights had increased 4.9 percent and 6.7 percent respectively. These two areas account for about 50 percent of all guest nights sold in the country. The largest share of the remaining 50 percent of guest nights sold is attributed to hotels outside the four major cities of Amsterdam, The Hague, Rotterdam and Utrecht. So, it is impossible to determine the actual situation from the published figures, because Dutch citizens staying in these hotels are not counted.

Similarly, the Dutch Central Bank announced that actual receipts from foreign visitors had declined 2.7 percent or, after correcting for inflation, 7 percent. The Amsterdam Tourist Office announced a recovery in tourist business during the year with guest houses, youth hostels and camping sites registering a 10.4 percent increase in guest-nights.

Another contradiction was uncovered in a survey conducted by the Employer's Organization in cooperation with the National Tourist Office. It revealed that bed occupancy in the four major cities during the months April through September 1979, actually declined by 2.6 percent compared with the same period in 1978. The same survey stated, however, that sales for hotels with more than 100 beds (the majority of such properties are in the four major cities) improved in 68.5 percent of the hotels surveyed within that group.

We can only conclude from the statistics that tourist business in the provinces suffered a serious decline in the year and/or that an increasing number of individuals are omitting to report their full incomes to the authorities. The former cannot be proved due to lack of statistics and the latter due to an obvious reluctance to admit to such an activity.

One thing is certain: The agencies collecting and reporting these statistics should coordinate their information as soon as possible.

Nevertheless, the figures lead us to believe that business in those hotels covered in the scope of this report did, in fact, improve in 1979.

John Wilson
Consultant
Reyn, de Blaey en Co.
Amsterdam

From Norway

Sales for the Norwegian hotel industry rose 7 percent in 1979; almost one-half (3.4 percent) of the increase is attributed to higher prices. Because this statistic is less than the growth in the consumer price index (5.7 percent), it must be viewed as a positive trend.

Profits decreased in 1979 compared with 1978, despite increased sales and the wage-price controls imposed in 1978. Profits for 1980 will depend largely on the ability of hotel operators to cope with steadily rising costs of operations, particularly payroll.

The rate of occupancy hardly changed in 1979 compared with 1978.

Olai Lorange
Partner-in-Charge
Lorange og Braende
Oslo

From Portugal

In terms of volume, Portugal is not one of the most important tourist destinations of Europe, but tourism is vitally important to the national economy. As a principal foreign currency earner and a major source of employment, tourism related investments and activities attract active financial and fiscal support. Tourism is viewed as a major economic growth industry offering a level of stability to an essentially weak economy.

In 1979, foreign visitor arrivals to Portugal exceeded 5.2 million. This was the largest number ever to visit Portugal, and represented a 56 percent increase over 1978. However, analysis and comparison of the main countries of origin of foreign visitors reveals that Spaniards dominated the market. In fact, the increase in arrivals from Spain represented more than 90 percent of the increase in all arrivals. Excluding arrivals from Spain (of which 98 percent arrive at land frontiers), visitors from all other countries increased approximately 8 percent in 1979, or about 140,000 persons.

Foreign tourist arrivals in Portugal follow a marked seasonal pattern; in 1979, more than 50 percent of the annual total occurred from July through October. Arrivals from the United Kingdom and Germany showed slightly less of a peak but were still concentrated in the traditional European summer months.

Generally, hotel tariffs in Portugal (particularly in Lisbon) are comparatively low by international standards. As a result of the tariffs extant in 1979, discounts were neither offered nor expected in Lisbon hotels. However, with the advent of substantially increased published rates in 1980, it is possible that discounting on a more general basis, for tour operators and conference bookings, will occur.

Recently, Intercontinental Hotels was appointed manager and operator of Lisbon's Ritz Hotel. Other international hotel groups have also renewed their interest in Portugal and are actively considering developments in Lisbon, the Algarve and Oporto.

Because of massive increases in visitors to Portugal during the last three to four years, the national tourist organization is now anxious to achieve a more even distribution throughout the country. We understand that three regions within the interior of Portugal have been chosen as pilot schemes: the Sierra da Estrela mountain range in central Portugal, which can be developed as a winter sports area; several areas in northern Portugal renowned for their scenic beauty, fauna and flora, and the towns of Elvas and Vila Vicosa, which are being promoted for their historical interest and scenic beauty.

While the growth rate experienced in 1979 is considered exceptional, continuing increases in the number of foreign arrivals to Portugal are expected during the next several years. To accommodate the demands of these visitors, Portugal will need an estimated 5,000 additional hotel beds per year. Hopefully, private investors, supported by government-sponsored

aid, will encourage both developers and operators to expand their already substantial interests into viable and profitable facilities.

Geoff S. Parkinson
Director
Horwath & Horwath (U.K.) Ltd.
London

From Spain

The problems of the Spanish tourism industry, referred to in last year's edition of this publication and in *Worldwide Lodging Industry Midyear Commentary 1979-1980,* have continued throughout 1979 and the first half of 1980. Although overall tourist arrivals decreased less than 3 percent in 1979 compared with the record-breaking year of 1978, hotel profitability was low. The full statistics for 1979 have not been published (indeed the 1978 results were not available until April 1980), so it is not yet possible to explain the discrepancy between arrivals and hotel occupancy levels. A partial explanation may lie in the fact that a decline in arrivals from the major hotel-demand generating countries of northern Europe was offset by a large increase in visitors from Portugal, most of whom did not require hotel accommodations. There also appears to have been a decline in the average length of stay, resulting in a decrease in the number of guest nights spent in hotels.

The results for the first few months of 1980 are not encouraging. For the period January to April there was an overall decline of 8.8 percent in tourist arrivals, and many industry experts suggest that the results for the 12 months of 1980 will prove even less profitable for hoteliers than 1979. The all-important West German market could decline by as much as 20 percent. In addition, this summer Basque nationalists resumed their bombing campaign, which, if it is maintained, could turn an already poor season into a disaster. Tourists have now suffered for too long from discomforts or disruptions, whether caused by strikes or bomb incidents. They want to enjoy placid, comfortable, hazardless holidays.

There are reasons to be concerned, therefore, about the immediate future of the Spanish tourism industry. Some of those reasons were outlined in *Worldwide Lodging Industry Midyear Commentary 1979-1980,* although the world economic recession is more serious than was anticipated when that publication was released in March 1980.

Inevitably, however, the decline in Spanish tourism will not continue indefinitely. Spain has the largest supply of resort hotel beds in Europe and the most developed tourist infrastructure. But during these difficult times, there is the danger that hotel operators and owners of other tourist-related facilities will not allocate sufficient funds for maintenance. During the last decade, many Spanish hotels have deteriorated appallingly due to the lack of reinvestment and refurbishment. If the existing problems continue, Spanish hoteliers will not have the cash flow necessary to embark on proper maintenance and refurbishing programs, measures already widely needed as a result of past neglect. Thus, one of the major problems facing the Spanish tourism industry during the next few years is likely to be a continued deterioration of its hotels, the quality of which, in the past, has been the one big advantage Spain has enjoyed over competing Mediterranean destinations.

Jonathan Bodlender
Managing Director
Horwath & Horwath (U.K.) Ltd.
London

From Sweden

In 1979, the Swedish hotel and restaurant industries had one of their best years in a long time. The major reasons for this outcome are a general upswing in the economy, the abolition of slot machines and an increase in domestic travel. Although domestic travel continues to increase, it is hard to measure the exact number of travelers.

In 1980, however, the increase in volume and profit margins has not continued for most companies, except major hotel chains. An extraordinary problem in early 1980 was a general strike in Sweden, which turned projected profits into deficits for a number of companies.

Another problem will affect hotel and restaurant operations shortly. Effective January 1, 1981, businesses cannot include alcoholic beverages as a deductible part of business entertainment and sales promotion. It is currently difficult to assess the effects of this law. One result might be a total alteration of the industries' existing price policies.

Generally, profit margins and net results are far too low in Sweden's hotel and restaurant industries, despite the 1979 upswing. Few new hotels have been built in Sweden during the past year. An exception is the new hotel at Arlanda Airport owned by the Star Hotel Group. The time share market apparently has reached its peak; several projects have been difficult to sell.

The outlook for the Swedish economy is not favorable and a number of serious problems must be quickly remedied. One result will definitely be a cutback in private and goverment spending.

Anders Agren
Director
Horwath & Horwath Sweden AB
Stockholm

From Switzerland

As expected, winter 1979-1980 was an excellent season for the Swiss hotel industry. A lower Swiss franc exchange rate, very good weather conditions, hotel prices that have stabilized for several years and quality Swiss service lured many foreigners (especially Germans, British and French) to Switzerland. During the season, more visitors stayed in hotels instead of flats or chalets, and there was a trend for older people and families to take their vacations primarily for the enjoyment of winter sports.

During December 1979 and January 1980, there was an 11 percent increase in guest nights (12 percent for foreign visitors) over the same period the previous year. While December 1979 figures compared favorably with the successful results for December 1978, the number of guest nights in January 1980 exceeded one million for the first time. There was a 10 percent increase in guest nights in January 1980 over the same month a year before. For February 1980, tourism in general increased 19 percent, 15 percent for domestic guests and 23 percent for foreign visitors. The number of guest nights

continued to rise in March, increasing nearly 20 percent over March 1979; an 8.2 percent increase was recorded for April 1980.

In Zurich, the number of guest nights increased 8.6 percent in January 1980 and 14.7 percent in February, compared with the same months of 1979. Guest nights for West Germans in Zurich increased 4.1 percent in February 1980 over February 1979; guest nights for Argentinians rose 124 percent for the same period.

By the end of March 1980 (compared with the same period the previous year), guest nights throughout Switzerland had increased 57 percent for West Germans, 44 percent of Belgians, 35 percent for Britons and 23 percent for the French. These substantial increases are partially attributed to the price stabilization agreement of Swiss hotelkeepers, a minimal rate of inflation, the fact that the Swiss franc had lost about 30 percent of its September 1978 value, and the country's central location in Western Europe

There is a noticeable absence of American travelers to Switzerland, with only an 8 percent increase in guest nights for U.S. citizens by the end of March 1980 compared with the previous year. Promotional efforts are underway to win back this segment of the foreign tourist market, which is considered an important factor in Swiss tourism.

While Swiss holiday resorts were widely promoted during the first quarter of 1980, especially in Western Europe, tourism officials believe weather conditions to be the most important factor for a successful season. Summer 1980 is expected to be a very good season for tourism, although hotel prices presumably will increase 3-5 percent.

Ruedi F. Fleischmann
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Zurich

From the United Kingdom

The decline in the number of tourist arrivals during 1979 was far less than predicted in last year's edition of this publication and closer to the 12.7 million subsequently forecast in *Worldwide Lodging Industry Midyear Commentary 1979-1980.* Overseas visitors to Great Britain totaled 12.5 million in 1979, a decrease of less than 1 percent over 1978.

As expected, this decrease was attributed largely to a decline in the number of visitors from North America (down 12 percent) and from the Middle East (down 9 percent). However, the pattern of decline over the year was not uniform and substantial increases were recorded in overseas arrivals from North Africa (up 37 percent), Latin American (up 27 percent), Australia and New Zealand (up 12 percent) and Japan (up 6 percent). The British Tourist Authority has forecast that tourist arrivals during 1980 will be similar to 1979. But figures released by the Department of Trade for the first three months of 1980 indicate that tourist arrivals increased an estimated 13.2 percent over the same period in 1979. Much of this increase is due to more extensive use of the short sea routes between Great Britain and the rest of the European community.

The British Tourist Authority also has forecast that foreign currency earnings from tourism will be between 3.7 and 4 billion pounds during 1980, a decrease in real terms over 1979. The Department of Trade figures for the first quarter of 1980 indicate that foreign expenditures rose 28 percent over the same period in 1979.

The somewhat depressed nature of the United Kingdom's tourist industry should be viewed against the significantly more serious decline of the economy in general throughout 1979 and into 1980. In 1979, inflation accelerated sharply during the year despite the beneficial effect on domestic prices of sterling's strength on foreign exchange markets, interest rates continued to climb to record levels, and adult unemployment has risen to the highest levels experienced since World War II. Furthermore, the outlook appears somewhat bleak; a number of organizations have predicted a difficult future for the U.K. economy with a long and arduous path to recovery.

Despite the gloomy economy, the tourist industry has been cheered by the news that the government has recognized that tourism is now a leading contributor to Great Britain's economy. This fact was endorsed by the recent announcement that the scheme for assisting tourism projects, encompassed within Section IV of the 1979 Development of Tourism Act, has been widened to enable tourist boards to give interest relief grants at a time when public expenditure is generally being stringently reviewed. The interest relief grant is designed to enable tourist projects in assisted areas to be financed from the private (rather than the public) sector. However, we believe that such a scheme, while welcome, will provide only token relief from the financial pressures experienced by many projects during their first few vulnerable years of operation. It is also our opinion that financial assistance in the form of "balloon" type loans or a moratorium on capital repayments for the first two or three years of a project would be more beneficial.

Another interesting development, which has had repercussions throughout the tourism industry, is the announcement of the findings of a committee that has been examining the question of compulsory registration of tourist accommodations. The British Tourist Authority and the national Tourist Boards for England, Wales and Scotland have accepted the recommendation of the committee not to go ahead for the time being with proposals for a scheme for compulsory registration. Meanwhile, the four agencies have agreed to work in concert toward a common system of classification, albeit on a voluntary basis, throughout Great Britain.

Wales earned 460 million pounds from tourism in 1979-1980, compared with 425 million pounds during the previous year, a decrease in real terms. Despite the considerable marketing efforts of the Wales Tourist Board and by the tourism industry itself, the buoyancy experienced during the second half of the season was insufficient to compensate for the poor results earlier in the year. However, interest in tourism and hotel projects continues to flourish and efforts are being made to improve and stimulate development of tourist attractions and amenities, including hotel facilities. For instance,

Horwath & Horwath (U.K.) Ltd. recently reported on the potential for establishing "advance hotels," properties funded by various forms of governmental aid in areas that are economically weak.

In Scotland, tourism is largely dependent on the motor car. Despite the supposed petrol scarcity early in 1979 (a problem also experienced in Wales), visitor arrivals to Scotland totaled 12 million in 1979, slightly less than in 1978.

Significant growth has occurred in the self-catering sector in Scotland. Two time-sharing multi-ownership developments are being opened, a third is under construction and others are being considered. Developers continue to be interested in projects for Glasgow, Edinburgh and the Islands. In Edinburgh, in particular, such interest has been expressed by airline-based operating companies, which could lead to concerted pressure against the policy decision that calls for the continued use of Prestwick, 120 kilometers (75 miles) from Edinburgh, as Scotland's "gateway airport."

In Northern Ireland, tourist arrivals have increased again, despite the civil unrest. Horwath & Horwath (U.K.) Ltd. recently completed for the Department of Commerce an assessment of the potential for development of the tourism industry in the Province. As part of that study, the role of tourism and related economic activities were investigated together with the effects of tourism on employment. The results of that assessment are currently being debated and, with continued increases in tourist traffic, should ensure the wider recognition of tourism as a prime economic force within the Province.

Hotel occupancies in England during 1979 mirrored the general depression facing the tourism industry, in particular, and the economy, in general, within the U.K. There was an overall decrease in hotel bed occupancies throughout England – 44 percent in 1979 compared with 47 percent the previous year. The proportion of guests from overseas dropped to 14 percent in 1979 from 17 percent in 1978. The decline in occupancy was particularly prevalent in London hotels; bed occupancies decreased 11 percent in 1979 compared with 1978. This decline has continued into 1980.

The findings of a report recently published by the English Tourist Board provide some relief for the hotel industry. They indicate that for the first time in six years there is an increase in the number of people who intend to take a holiday in Britain instead of traveling abroad.

Geoff S. Parkinson
Director
Dermot C. A. Mathias
Director
Howarth & Howarth (U.K.) Ltd.
London

From West Germany

In 1979, the total number of hotel guest nights increased 3.5 percent to about 72 million, of which 22 percent stayed in *hotels garnis* (hotel with no eating facilities). Foreign guest nights increased 4.7 percent to about 14 million.

Total hotel and restaurant sales in 1979 were about DM44 billion. Two-thirds of this sum was attributed to restaurant sales, an increase of 4.6 percent over the 1978 figure; hotel sales increased 5.6 percent, which was also the rate of inflation.

In 1979, the number of employees increased an average of 1.6 percent to about 742,000 workers; 35 percent were part-time employees.

Hotel occupancy improved slightly during 1979. Generally, however, occupancy levels are not yet satisfactory. There is a continuing trend to build new hotels, especially first-class and medium-sized hotels with modern facilities.

The outlook for the German hotel and restaurant industries is optimistic.

Kurt Gelbert
Partner-in-Charge
Horwath & Gelbert GmbH
Frankfurt am Main

Latin America

General Comments

The comments for Latin America have been compiled by Eliberto J. Gracia, senior principal, Laventhol & Horwath, Miami, and Horwath & Horwath International's Coordinator for Latin America, and Michael A. Stein, manager, L&H, Miami, with the cooperation of the HHI member firms named.

From Argentina

During 1979, the volume of tourists visiting the Argentine diminished due, in part, to the increasing costs of living and airfares for north-south bound travelers. Furthermore, the favorable exchange rate between the Argentinian peso and the U.S. dollar has created an outflow of Argentines to tourist destinations abroad, particularly to Rio de Janeiro, Miami and New York.

However, commercial activity has increased. As a result, more business travelers are attracted to Argentina's business and government centers. First-class hotels in Buenos Aires have maintained occupancies in the mid-70 percent level, with the Sheraton achieving the highest results, due mostly to its marketing efforts and worldwide reputation.

Cánepa, Pestarino, Nazer
y Asociados
Buenos Aires

From Brazil

EMBRATUR's continued national and international tourism promotional campaigns and efforts made by the private sector have resulted in the continued success of the hotel industry, particularly among first-class facilities in the country's principal cities. European and North American hotel chains are conducting studies and developing plans for new hotel projects. The better hotels in Sao Paulo are reporting occupancies in excess of 80 percent with room rates being increased to meet their international equivalency. Properties in Rio de Janeiro also maintain occupancies in excess of 80 percent and are extending their tourist season to almost a year.

In Brasilia, the nation's capital, the demand for hotel accommodations remains a predominantly weekday market, with significantly decreasing occupancies on weekends and holidays. Nevertheless, new hotel devel-

opment is currently being studied to promote Brasilia further as a major commercial and convention city in the Southern Hemisphere.

Brazilians continue to travel abroad for vacations and the number of foreign arrivals from the neighboring nations of Argentina, Uruguay and Venezuela has increased. As a result of more air routes from European capitals and competitive airline rates for "package tours," the European market should become a significant factor for Brazil's tourism industry.

Soteconti Auditores
Independentes S/C
Sao Paulo

From Central America

Central America continued to experience problems during 1979, although they were confined primarily to certain countries. Generally, the tourism industry has suffered due to bad publicity resulting from the political problems in Guatemala, El Salvador and Nicaragua. Several new airlines have initiated service to the area while others have increased service to selected countries. New projects are underway in Costa Rica and Panama, countries that have been least affected by the problems in the region.

Eliberto J. Gracia
Senior Principal
Michael A. Stein
Manager
Laventhol & Horwath
Miami

From Chile

The economic climate in Chile continues to amaze economists. As we reported in *Worldwide Lodging Industry Midyear Commentary 1979–1980,* significant hotel projects are underway as a result of a government policy that promotes tourism. Chile continues to be an ideal candidate for hotel development.

Ramón A. Espejo F.
y Asociados Ltda.
Santiago

From Colombia

The Colombian economy continues to improve. Dollar reserves have attained very high levels and the Gross National Product for 1979 increased by about 6.5 percent over the previous year. While inflation is high, it is reasonable when compared with other Latin American countries. Major international chains are interested in developing properties in Colombia; those already represented in the country are expanding their operations.

The forecast: A good year and excellent prospects for the decade.

Eliberto J. Gracia
Senior Principal
Michael A. Stein
Manager
Laventhol & Horwath
Miami

From Ecuador

In 1979, there were no significant changes in the country's tourism industry. Hotels have maintained consistently high occupancy levels. The existing supply of hotel rooms is enough to accommodate the expected demand. Quito and the mountain ranges still capture most of the tourist flow while Guayaquil's hotel industry is supported by business travelers. A slow but sustained growth is expected for the industry in the next few years.

Roger Bonnefil
Juan Seif y Asociados Cia. Ltda.
Quito

From Mexico

During 1979, several first-class hotels opened or were under construction. The number of rooms within these properties total more than 1,500.

According to statistics published by the Mexican Government, the number of foreign tourists to Mexico increased at an annual average rate of 14.2 percent between 1960 and 1979. However, the rate of increase was 22.4 percent in 1979, compared with 1978.

Undoubtedly, such factors as airline strikes and the recession in the United States have had a negative impact on Mexico's tourism industry. However, the future seems promising, since new resorts are being developed by private and government sources with the support of FONATUR (National Trust for Tourism Development).

Germán Maldonado
Partner-in-Charge
Maldonado y Asociados
Mexico City

From Peru

After many years of military rule, Peru returned to a democratic form of government in July 1980. This is expected to affect the investment climate significantly, particularly the hotel industry. Laws have been passed that create an incentive for tourism investment; gaming casinos are permitted in certain parts of the country. The Amazon area is being considered as a possible tourist destination. With its vast wealth of tourist attractions, Peru has a tremendous opportunity to expand its share of the tourist market during the 1980s.

Vasquez y Cia.
Lima

From Uruguay

The principal tourist attraction in Uruguay remains Punta del Este, also referred to as the Riviera of South America. Due to weather variations and vacation seasons, the influx of tourists to this area remains seasonal; thus, demand from January through April results in nearly 100 percent occupancy in the hotels. During the winter months (June through October), hotel occupancy drops as low as 30 percent.

Most commercial travelers and tourists to hotels in Montevideo and Punta del Este come from the neighboring countries of Argentina and Brazil. As a result of the promotional campaigns sponsored by tourist authorities in recent years, travelers from Venezuela, the United States and other countries in the Northern Hemisphere are visiting the resort areas of the country. Because of this new influx of foreign arrivals, international hotel chains are currently studying the possibilities of develop-

ing properties in different regions of the country.

Eliberto J. Gracia
Senior Principal
Michael A. Stein
Manager
Laventhol & Horwath
Miami

From Venezuela

During 1979, hotels throughout Venezuela maintained high levels of occupancy. However, the lack of new developments has resulted in an excessive demand for rooms; many customers have been turned away because of the insufficient lodging supply.

This situation has worsened during the past few years, even though private investors have shown an interest in building new facilities. The delays in and the limited amount of construction of new hotels has, to a large extent, been the result of bureaucratic delays in granting building permits.

Officials of various government agencies have declared their intentions to speed up the processing of permits for new hotel developments, to furnish loan guarantees and to provide tax incentives, i.e., to diminish the existing difficulties in developing new lodging facilities. In reality, however, the bureaucratic inefficiencies remain in effect despite the good intentions of government officials.

Recently, the Ministry of Tourism announced a new hotel classification that should clarify certain questions about the requirements and regulations relating to the construction and operation of hotels. The pronouncement will also help to determine government policy regarding room rate charges, a factor that will influence the development of new hotel properties.

Seif, Valeri & Acosta
Caracas

The Middle East

General Comments

Good operating results have been reported by Middle East hoteliers whose properties attract a mix of tourists and business travelers. In regions that depend on business travelers and have little potential for international tourists, occupancies have fluctuated in line with levels of economic activity. This fact, coupled with an oversupply of rooms in some countries, has helped to reduce the high operating results that were the norm for Middle East hotels up to a few years ago.

In countries where the economy is being diversified, i.e., less dependent on the petroleum industry, there appear to be fewer fluctuations in the economy as new industrial developments get underway. Travel by Middle Easterners within the region remains constant, and some interesting patterns in tourism have emerged.

Edward J. G. Davies
Director
Horwath & Horwath (U.K.) Ltd.
London

From the Arabian Gulf States and Saudi Arabia

Throughout most of the Gulf area hoteliers are operating with caution as the imbalances of supply and demand require a concerted marketing effort merely to maintain a share of the business generated by the petroleum industry, a source of business that has remained static in recent years.

The potential for tourism in some areas is being investigated and promoted, but with caution. Although the beaches and climate in some areas may be ideal for resort development, other forms of entertainment frequently demanded by tourists would be strictly limited by cultural traditions.

Developers built hotels in the region to take advantage of the boom during the latter part of the 1970s, but projects now coming on line may have to be reappraised and lower rates of return considered. Development is being controlled so that the empty hotel syndrome of Sharjah and Dubai is not repeated elsewhere.

Probably the next hurdle to be faced by the region's hotel operators is labor. Inevitably, wages will increase and, more importantly, there will be a redistribution of the labor supply; countries that traditionally have been a source of labor will experience improved economies and workers will be contracted back to their homelands. Political factors also can affect this movement.

Thus, hotels will have to be more efficiently operated. The message is: Abandon the euphoria and get on with the job of managing effectively.

Edward J. G. Davies
Director
Horwath & Horwath (U.K.) Ltd.
London

From Egypt

In 1979, foreign visitor arrivals in Egypt totaled more than one million; they generated more than 7.1 million guest nights. Tourist arrivals in 1979 increased approximately 1.2 percent (12,000 persons) over 1978 figures and were accompanied by a 32,000 decrease in guest nights. The 1979 statistics resulted from a decrease in arrivals from Arab states (12.9 percent); their average length of stay in Egypt was 8.6 nights. Arrivals from countries that are members of the Organization for Economic Cooperation and Development (OECD) increased 14.4 percent and from Eastern-bloc nations, 24 percent. The latter two markets have a significantly shorter length of stay: 5.9 and 3.2 nights respectively.

While the overall results for Egypt in 1979 were disappointing, the outlook is promising because of the increasing strength of the Western European market, particularly vacationers.

A master plan for the development of Egypt's tourism industry projects two million arrivals by 1985. While other studies consider this projection somewhat optimistic, it is an accepted fact that the targeted two million arrivals will be realized at some future date. Nevertheless, all studies call for a broader base for tourism in Egypt.

To date, development activity in the hotel industry has been in Cairo, the adjacent tourist attractions of Giza (the Pyramids) and at Heliopolis (the airport). Little development has occurred in Alexandria, the magnificent Mediterranean beach areas to the west of the city, the coastal areas of the Red Sea or in Upper Egypt at Luxor

and Aswan. The latter area is now the subject of a major study, funded by the World Bank, designed to highlight both the potential of and the prerequisites for tourism development.

The contribution tourism can make to Egypt's economy, in terms of foreign currency earnings and as a source of employment, is obviously attractive. To achieve these benefits, however, the economy must also bear the strains of the large-scale investment required in basic infrastructure. For example, Egypt's airports need to be upgraded and internal air services have to be improved.

The hotel industry must also endure some growing pains. For the first time in many years, good standard accommodations are readily available in Cairo, but hotels are working at less than capacity. Government control of room rates combined with increasing payroll costs and inflation (much of it imported) are affecting operating costs. These factors, coupled with real competition between individual hotels, suggests the end of the 50 percent gross operating profit and 18-month payback periods – for the time being anyway.

Youssef Nabih
Partner-in-Charge
Youssef Nabih & Co.
Cairo

Edward J. G. Davies
Director
Horwath & Horwath (U.K.) Ltd.
London

From Israel

In 1979, more than one million tourists visited Israel, an increase of 5 percent over 1978. Most of the growth is attributed to charter travel, which increased 30 percent over the previous year. Results of the first half of 1980 indicate a freeze in the number of arrivals resulting from a continued decline in the number of tourists from the United States. However, the volume of visitors from Europe continued to increase.

For the second consecutive year, Israel is experiencing runaway inflation of more than 100 percent, a factor that adversely affects the profitability of hotels as operating costs keep rising. Nevertheless, a number of international hotel chains are developing properties, principally in Jerusalem, Eilat and Haifa.

Dan Bawly
International Liaison Partner
Horwath, Bawly, Millner & Co.
Tel Aviv

North America

From Canada

Tourism is now Canada's largest single employer and second only to manufacturing as a revenue producer. Canadians are spending more time in discretionary travel, much of it within Canada. The country is also becoming increasingly popular to international tourists. These trends have produced a significant reduction in the nation's travel deficit, from $1.706 billion in 1978 to $1.097 billion in 1979.

The outlook for the lodging industry in 1980 is "mixed." Although visits by United States citizens will probably decline in 1980, Canadian cities close to the U.S. market should be able to retain their market share. Nonborder areas catering to the U.S. auto traveler will once again suffer a significant decline in American patronage.

The high interest rates experienced during the first half of 1980 led to the cancellation or postponement of a number of new hotel projects. Once again, developers are approaching lodging industry projects with caution, and it is unlikely that any major Canadian city will experience the construction booms typical of the early 1970s. Hoteliers in Quebec City, Halifax, Toronto and Montreal, in fact, can look forward to a two-year period before the inventory of first-class guest rooms significantly increases.

It is still too early to determine the net effect of the current recession in the U.S. Although it now appears that there will be a stable, if not plentiful supply of gasoline for U.S. travelers, rising unemployment in many American cities might curtail travel plans. With plentiful gasoline, moderately priced first-class hotels and a favorable exchange rate, Canada ranks as one of the most attractive tourist destinations in the world.

Despite a 0.2 percent decline in total foreign visitation, the average length of stay for foreign visitors increased in 1979, resulting in almost a 36 percent drop in the tourism deficit. A continuation of this trend through 1980 would help to mitigate the negative effects of the U.S. recession.

Canadian hotel operators should be encouraged by the fact that the governments of Canada and the United States appear close to a new agreement on income tax provisions relating to the deduction of convention expenses. It now appears that the restriction on tax deductions for U.S. conventions held in Canada may be either modified in favor of Canada or completely eliminated. Either course of action would place Canadian hotel operators in an even more favorable position to attract U.S. conventions.

The strength of the Canadian and international tourist markets, as well as the relatively static inventory of first-class guest rooms in many Canadian cities, has encouraged operators to be cautiously optimistic regarding 1980 prospects for the lodging industry.

Mitchel A. Smith
Partner
Laventhol & Horwath
Toronto

From the United States

During the first quarter of 1980, the United States economy moved into perhaps the most widely anticipated recession ever. Simultaneously, the nation was confronted with a rapid rate of inflation never experienced by the U.S. economy. The Carter Administration faced this period of "stagflation" with strong credit controls aimed at slowing down the rate of increase in consumer debt. This policy was all too successful. Unemployment began to climb as inventories rose because consumers stopped spending altogether, much less buying on credit. The negative impact of this recession (which started in the latter part of 1979) on the lodging industry began to accelerate rapidly during the first part of 1980. By June 1980, occupancy levels were more than 3 percent lower than June 1979.

As illustrated in the accompanying table, occupancy rates for the first quarter of 1980 were down 3.4 percent from the same period in 1979. Sales increased during this

period primarily because of higher room rates necessitated by inflationary pressure and a substantial boost in the double occupancy rate. Room sales per occupied room were up 17 percent to $39.24 while the double occupancy rate was up 2.4 percent to 48.3 percent.

The decline in occupancy rates was widespread, affecting nearly all of the categories monitored by Laventhol & Horwath. Resorts and properties with the highest occupancies were the only establishments able to report any real growth. The falloff was particularly sharp at airport properties. The airlines boosted fares and reduced service throughout the first part of 1980, causing a reduction in revenue passenger miles for the airlines and declines in occupancies for airport hotels.

For the remainder of 1980, occupancy rates are expected to continue to fall below last year's levels and probably will not stabilize until sometime in 1981. The rapid increase in room sales per occupied room should begin to slow down to about 10-12 percent above last year as the economy stabilizes. This lower rate of increase may not be enough to offset the decline in real business growth and higher costs of doing business, causing a leveling of profit margins.

Demographic trends still appear to be quite favorable for the industry well into the 1980s. As the recession begins to recede, probably not until mid-1981, consumer spending for travel should pickup, as real disposable income increases. Two income families, fewer children and the gradual shift away from material items to an emphasis on "experiences" augurs well for the industry. Business spending should also begin to rebound as capital expenditures look more attractive in an improving economy.

The next two to three years are expected to be critical for the U.S. economy.

Major shifts in policy are confronting the U.S. in almost every sector. Several major industries, particularly the automobile, steel and airlines are facing a complete restructuring if they intend to survive in the 1980s. Furthermore, energy and tourism policies will force decisions on U.S. citizens and their elected representatives to chart the long-range path that the U.S. intends to follow. The future growth of the lodging industry will depend, to a large extent, on the outcome of this debate.

William L. Sommer
National Partner
Leisure Time Industries Department
Laventhol & Horwath
Miami

UNITED STATES: YEAR TO DATE TREND REPORT (as of June 1980)

	Sales Percentage Change			Occupancy		Double Occupancy		Room Sales Per Occupied Room	
	Total	Rooms	F & B	JUN	% Chg	JUN	% Chg	JUN	% Chg
Total U.S.	12.7	14.9	8.7	69.6	−3.0	45.4	0.6	$40.46	16.8
Affiliation:									
Chain	12.6	15.0	8.0	71.0	−2.8	43.4	−0.8	$40.09	16.8
Independent	13.0	14.4	10.9	63.7	−3.8	52.7	5.5	42.09	16.7
Area:									
North East	19.1	23.3	13.3	69.9	−0.5	36.0	2.5	$50.26	20.6
South East	11.9	14.3	7.1	71.4	−1.3	77.1	3.1	39.60	14.7
North Central	9.2	11.7	4.9	63.5	−4.3	35.7	−3.3	36.24	15.4
South Central	13.2	13.9	11.7	72.8	−2.7	41.0	0.4	39.85	15.8
West	10.7	14.0	5.1	73.5	−5.2	45.6	0.6	41.56	18.1
Locations:									
Center City	14.7	17.5	9.9	67.0	−1.4	41.1	−1.5	$48.50	18.3
Suburban	10.0	12.6	5.1	72.1	−4.0	37.3	−0.3	36.83	15.3
Highway	11.8	12.8	9.6	68.9	−3.3	49.9	1.5	30.52	14.5
Airport	10.2	12.4	5.9	74.0	−7.2	33.8	−1.7	37.58	17.5
Resort	13.9	14.9	12.4	70.1	1.0	100.2	4.5	42.99	13.6
Occupancy:									
Under 62.79%	7.6	7.2	8.5	54.3	−6.7	43.2	3.0	$36.25	15.3
62.79 to 75.05%	11.8	14.3	7.8	65.5	−4.2	43.6	−7.5	40.55	16.8
75.05 to 85.19%	13.4	15.9	9.1	73.6	−2.5	41.2	2.8	41.37	16.4
Over 85.19%	15.7	18.8	9.3	83.8	−0.2	52.7	4.3	41.95	17.4
Room Sales Per Occupied Room									
Under $25.41	7.5	8.2	4.4	66.1	−4.1	63.4	4.3	$21.22	11.2
$25.41 to $31.78	7.2	8.8	2.8	67.7	−3.8	52.4	4.3	28.39	11.8
$31.78 to $39.29	9.3	11.5	5.1	69.0	−5.1	38.3	−6.3	35.12	15.2
Over $39.29	15.3	18.2	10.7	71.5	−1.2	42.8	1.1	52.14	18.3
Size:									
Under 150	10.2	11.2	7.4	70.6	−4.1	51.4	1.8	$28.83	14.1
150 to 299	10.9	12.4	8.0	69.9	−4.0	43.4	2.4	36.76	15.8
300 to 600	12.1	15.8	6.2	70.9	−2.4	43.5	1.8	46.74	18.1
Over 600	17.5	20.2	13.2	66.0	0.1	45.5	−4.2	53.26	16.7
Type:									
Hotel	14.2	17.0	9.8	68.9	−1.8	42.7	−0.7	$47.90	17.8
Motor Hotel	9.9	11.6	6.4	70.2	−4.4	44.7	1.9	35.02	14.9
Budget	13.8	13.9	11.9	71.0	−2.7	63.9	2.6	21.54	14.8

Source: *National Trend of Business in the Lodging Industry*, Laventhol & Horwath

The Pacific Region

General Comments

(Comments for the Pacific Region were compiled by Clarence H. Peters, Senior Principal, Laventhol & Horwath, San Francisco.)

The Far East continues to grow as a major tourist destination. Compared with other tourist markets, particularly Europe, travelers are discovering that prices are lower and facilities are comparable, if not better. As a result, tourist volume is rising significantly and numerous hotel projects are underway. Most of these projects are under the auspices of major international chains such as Hyatt, Hilton, Western International, Regent International and Intercontinental.

Occupancies have been high (above 90 percent) in most countries and room rates are rising consistently. There is greater emphasis on high yield traffic and less on group business, and the managements of all hotels have initiated extensive marketing programs designed to capture their share of this increasing demand. The outlook for the future continues to be positive. By 1986, the supply of first-class rooms in the Orient is expected to double.

From Hawaii

In spite of the temporary grounding of all DC-10's and a major airline

strike, Hawaii's tourist industry continued to grow in 1979. Eastbound visitors showed the most significant growth. However, total growth was not sufficient to offset the increase in lodging units. Thus, hotel occupancies during 1979 decreased about five percentage points below 1978 levels.

Although there were some hotel openings during 1979, a large portion of the increase in lodging units is attributed to the availability of more resort condominiums.

Average room rates for 1979, many of which were established in mid-1978, increased approximately 15 percent over 1978. This was due to an anticipated strong demand in 1979 coupled with the addition of more first-class hotel rooms.

Hospitality industry leaders are concerned about the immediate outlook for the industry. With an increase in the supply of lodging units, the continued economic recession and projected airfare increases due to rising fuel costs, hotel occupancy levels are expected to be considerably lower in 1980 than during 1979. Average daily room rates will not continue to increase as they have over the past three years due to the competitive nature of the market. The transportation and accommodations industries temporarily may reduce personnel. However, both lodging and airline industries are working with government agencies to develop new and more effective promotional and marketing techniques to attract visitors. Fortunately, 1980 is projected to continue to show significant growth in the number of visitors from the Far East.

With the current hotel construction boom expected to end by late 1981, it is doubtful that many new projects will be undertaken until the economy improves. Recent hotel openings include the 820-room Hyatt Regency-Maui, the 626-room Prince Kuhio Hotel, the 740-unit Island Colony Condominium project, the 328-room Waikiki Malia and a 656-room addition to the Hawaiian Regent Hotel that brings its room count to 1,346. In addition, the Pacific Beach Hotel added another 495 rooms.

Currently under construction are the 400-room Sheraton Royal Waikoloan (Hawaii) and the 459-room Waiohai on Poipu Beach (Kauai). Hilton Hotels is planning a major additon to the Hilton Hawaiian Village (Waikiki). The project will be a 1,056-room, 35-story tower that will bring the hotel's room count to 2,609; completion is expected in 1982. Also planned are a 400-room resort hotel in Kohala (Hawaii) and a Marriott Hotel at both Kaanapali (Maui) and Princeville (Kauai).

From Hong Kong

Hong Kong remains one of the leading destinations in the Far East. Although there were few hotel openings in 1979, a tremendous construction boom is underway. The present total of 14,500 hotel rooms is expected to exceed 20,000 by the end of 1981.

In 1979, occupancies at Hong Kong hotels exceeded 90 percent, compared with 89 percent for 1978; this was in addition to an average increase of 20 percent in room rates. The increase in rates was apparently designed to offset a 20 percent increase in labor costs and a 38-40 percent increase in fuel costs. Occupancies are expected to reach record highs in 1980 as well. For the period January through March 1980, average occupancy was 91 percent, compared with 84 percent for the same period in 1979. Total visitors for 1979 were 2,213,200, compared with 2,055,000 for 1978.

Hotels currently under construction include the following:

- 605-room Regent of Hong Kong along the Kowloon waterfront;
- 720-room Shangri-La Hotel;
- 594-room Holiday Inn-Harbour View;
- 625-room Regal Palace Hotel;
- 580-room property on Queens Road West;
- 460-room hotel on Nathan Road, and
- 440-room Harbour City Hotel.

From Japan

Despite inflation and fuel shortages resulting from the ban on Iranian oil, Japan's lodging industry remains strong. Higher room rates and airfares have had no noticeable effect on hotel occupancies or tourist traffic in general, although the situation has fostered more creativity by tour promoters and operators. For example, economical tours that include overnight accommodations in private Japanese homes called Minshukus are being promoted. Such arrangements are designed to defray the high costs of hotels, while continuing to promote the various aspects of Japanese culture and exposure to the traditional attractions of Japan.

New or proposed facilities will account for the entry of several thousand hotel rooms into the lodging market between 1980 and 1983. These will include the:

- 30-story, 1,200-room Sunshine City Prince Hotel, which has opened and is part of the Sunshine City Urban Redevelopment Project in Northwest Tokyo;
- 800-room Hyatt Regency Tokyo in the Shinjuku District;
- 500-room Miyako Hotel (Tokyo);
- 229-room Holiday Inn (Osaka), and
- 334-room Hotel Keihan (Osaka).

From Korea

Korea's lodging industry had a successful year during 1979. Judging by the ambitious development projects currently underway or proposed, Koreans are obviously optimistic about the future of their tourist industry. Significant annual growth is expected to continue and the government is taking measures to accommodate these increases in tourist volume. A new international airport is planned for the east coast, which is designed to handle seven million travelers annually, a figure expected to be reached by 1986.

Although most incoming visitors are principally attracted to Seoul, the Bomun Lake resort area and Cheju Island are emerging as viable alternatives south of Seoul.

Hotel openings in 1979 included the:

- 676-room Shilla Hotel (Seoul);
- 976-room Hotel Lotte (Seoul);
- 417-room Seoul Garden Hotel (Seoul);
- 381-room Arirang Hotel (Seoul);
- 300-room Kyongju Chosun (Kyongju), and
- 312-room Commodore (Pusan).

The 600-room Dongwoo Hotel in Seoul is expected to open in 1980. By

1982, about 1,500 additional rooms should be available in Seoul. These will include the 557-room Seoul Hilton International Hotel, the 310-room Olla Hotel and the 300-room Chungmun Hotel.

From Macau

In 1979, the number of foreign visitors to Macau increased about 14 percent over 1978.

Development of four new major hotels is underway. The 496-room Macau Excelsior will be managed by Mandarin International Hotels and will include tennis courts, a pool, health club, shopping arcade, and Continental as well as Chinese restaurants. The property will be located on a seafront site on the Avenida de Amizade and is expected to open in 1983. The 400-room Intel Macau Village Resort is expected to open in 1981 and will be managed by Intel Corporation. The developers of a $12 million, 450-room hotel have not yet selected a management company. A completion date for this property, and for the 340-room hotel being built by the Macau Land Development Company, has not been announced.

From Mainland China

The flow of foreign visitors to Mainland China has been overwhelming, resulting in increased airline traffic to China from various parts of the Orient. Three American tour agencies offer packages of varying lengths of stay, including stops in Beijing (Peking), Suchow, Nanking and Shanghai.

China has been relatively unprepared for this sudden influx and has adopted an aggressive plan to upgrade the country's existing facilities, as well as to introduce new properties into the market. To alleviate the major inadequacies of new and existing facilities, Hyatt International reportedly has signed a $1.5 million contract to act as consultants for hotel development and management training.

The proposed hotel development in China includes the 1,000-room White Goose in Canton; the 600-room Shanghai Hotel; a 2,000-room unnamed property in Tientsin; a 500-room unnamed property in Beijing, and an 800-room unnamed property in Nanking.

From Taiwan

Occupancies in Taiwan have been low compared with other tourist destinations in the Orient. As a result, tour promoters and government agencies have instituted programs to improve the situation. Average annual occupancies of below 55 percent have caused low room rates and fierce competition for the limited room demand.

In spite of the uncertain conditions, a 380-room Holiday Inn is due to open at the new Taiwan airport and work is continuing on an unnamed 1,200-room property in Taipei. The 584-room Taipei Miramar and Taipei's 300-room Carnival Hotel recently opened. ■

The Worldwide Lodging Industry Report

by

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Introduction

The 1980 edition of *Worldwide Lodging Industry* marks the tenth anniversary of this report. Continuing the successful expansion of the scope and depth of the analysis begun in 1979, detailed breakdowns of departmental revenue and expenses are presented. In addition to the information for the 13 regions and nine subregions covered in previous studies, the report contains amounts and ratios for eight separate categories plus the breakdown by international ratings—luxury and first class. Also, medians and quartiles are shown for most amounts and ratios, while arithmetic means are used in selected schedules. The medians and quartiles enable the analyst to make comparisons with a range of data.

Breakdowns of operating results include age, size (number of rooms), average rate, occupancy, location, management, type of patronage, volume of food and beverage sales in relation to room sales, and a special analysis of those hotels reporting net income and those reporting net losses. The breakdown for average rate was shifted upward in 1979 from those presented in 1978 to account for inflation. Therefore, throughout the text when figures are shown for average rate the following rates apply to each group:

	1979	*1978*
Group 1	Under $30	Under $25
Group 2	$30-$44.99	$25-$34.99
Group 3	$45-$59.99	$35-$49.99
Group 4	Over $60	Over $50

The terminology used and the account titles are based on the seventh revised edition of the *Uniform System of Accounts for Hotels*. An explanation of the terms and bases used is given in Appendix 2 (page 103).

All amounts in the report are in 1979 U.S. dollars converted at a rate that is the average of the rates for the four quarters of 1979, according to the International Monetary Fund. Dollar amounts are shown on a per-available-room basis to eliminate differences due to the size of the hotels. Ratios to total sales and to room sales are used wherever appropriate. Except where noted, all amounts and ratios are medians and quartiles and do not necessarily add to the totals shown. Each line item has been analyzed separately and the medians and quartiles are based on the information submitted for that line item only, since all hotels did not report data for each line. Comparisons can be made line by line with the information in the reader's report. The amounts and ratios should not be considered standards for any type of property or for any country or region, but only guidelines for comparison with the operating results of a specific property. They are not an attempt by Horwath & Horwath International to set or conform prices or operating ratios for the industry.

Market data

After dropping significantly during 1978, the percentage of guests from domestic sources resumed its upward trend in 1979 by climbing 14.4 percent over the corresponding ratio of the previous year. This trend was also apparent in the percentage of repeat business, which declined in 1978 but rebounded sharply in 1979. The percentage of guests traveling for pleasure continued the downward trend that began in 1976. The ratio of guests traveling for business purposes remained relatively unchanged at slightly more than 40 percent in 1979, while the proportion of guests who were conference participants or government officials increased moderately. Advance reservations made directly to the hotel increased from 29.9 percent in 1978 to 33.1 percent in 1979. Reservation systems also accounted for a larger share of advance reservations with travel agents and tour operators losing a portion of their share of the market. The five-year comparison is shown in Exhibit 1.

Exhibit 1
Market Data*
Five-Year Trend—All Hotels

	1979	1978	1977**	1976**	1975**
Source of Business					
Domestic	42.8%	37.4%	42.5%	37.5%	31.6%
Foreign	57.2	62.6	57.5	62.5	68.4
Percentage of Repeat Business	38.2%	35.7%	37.4%	36.7%	25.3%
Composition of Market					
Government Officials	6.2%	5.5%	5.7%	5.6%	5.1%
Businessmen	40.5	40.2	42.0	31.7	31.6
Tourists	30.9	33.5	35.9	41.7	42.4
Conference Participants	12.8	10.7	12.6	10.8	9.4
Other	9.6	10.1	3.8	10.2	11.5
Percentage of Advance Reservations	79.3%	80.8%	80.6%	81.2%	79.5%
Composition of Advance Reservations					
Direct	33.1%	29.9%	35.5%	30.7%	27.8%
Reservation Systems	27.1	24.9	23.2	22.4	31.1
Travel Agents & Tour Operators	28.5	32.3	30.5	34.7	33.2
Other	11.3	12.9	10.8	12.2	7.9
Ratio of Travel Agent Commissions to Room Sales	1.8%	2.2%	1.6%	2.4%	2.8%

*Based on arithmetic mean.
**1975–1977 ratios exclude the U.S.

The source of business and composition of the market are shown for the regions in Exhibit 2. The percentage of domestic travelers was smaller than that of foreign travelers in all regions except the United States, Canada and Australia.

Exhibit 2
Market Data*

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Source of Business						
Domestic	42.8%	20.8%	26.0%	68.3%	9.4%	10.9%
Foreign	57.2	79.2	74.0	31.7	90.6	89.1
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Repeat Business	38.2%	25.0%	33.3%	58.7%	17.4%	44.7%
Composition of Market						
Government Officials	6.2%	11.4%	5.6%	6.0%	1.6%	8.9%
Businessmen	40.5	45.0	38.9	47.2	6.4	57.8
Tourists	30.9	28.0	36.7	14.8	81.4	23.6
Conference Participants	12.8	9.5	5.8	13.8	7.7	6.1
Other	9.6	6.1	13.0	18.2	2.9	3.6
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Advance Reservations	79.3%	87.8%	75.6%	87.3%	80.4%	53.6%
Composition of Advance Reservations						
Direct	33.1%	16.9%	20.9%	44.7%	5.6%	17.4%
Reservation Systems	27.1	34.1	26.5	20.3	50.0	45.5
Travel Agents & Tour Operators	28.5	27.9	39.0	22.7	39.5	28.1
Other	11.3	21.1	13.6	12.3	4.9	9.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ratio of Travel Agent Commissions to Room Sales	1.8%	.7%	2.2%	1.7%	8.0%	1.6%

*Arithmetic mean.

Compared with 1978, business travel during 1979 increased substantially in the Middle East but dropped off in the Caribbean, Central America, Hawaii and the Pacific Islands. However, the decline in these latter regions was partially offset by increases in tourists and conferees.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
43.7%	19.2%	18.2%	30.6%	71.3%	48.7%	84.7%	43.2%
56.3	80.8	81.8	69.4	28.7	51.3	15.3	56.8
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
41.5%	24.2%	17.5%	30.6%	55.1%	24.8%	47.4%	49.8%
3.7%	2.8%	3.8%	16.9%	10.0%	3.1%	7.6%	7.3%
47.3	46.2	6.0	41.7	37.6	21.6	36.5	54.6
27.5	33.1	66.8	12.4	24.9	53.2	21.4	21.3
13.4	3.8	19.6	8.2	18.2	14.2	26.1	9.3
8.1	14.1	3.8	20.8	9.3	7.9	8.4	7.5
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
87.6%	81.9%	93.8%	54.8%	79.5%	68.3%	71.8%	85.6%
44.0%	22.8%	13.2%	33.7%	35.7%	24.3%	40.0%	43.1%
19.6	34.0	11.4	32.4	25.4	33.9	32.9	24.3
26.3	30.5	58.2	22.1	25.5	33.2	19.3	18.9
10.1	12.7	17.2	11.8	13.4	8.6	7.8	13.7
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1.3%	2.3%	10.0%	2.9%	1.0%	2.8%	.8%	1.8%

Exhibit 3 shows the nationality of guests by region. In 1979, Germans, British and Scandinavians moved sharply higher in the rankings compared with where they stood in 1978. The British moved from seventh to third while the Scandinavians moved from 16th to 9th. The French dropped from second to fourth but the most noticeable decline was in Japanese travelers, who dropped from sixth to a tie for ninth. Overall, the large percentage of domestic travelers within the United States combined with the large number of U.S. travelers to some of the major tourist regions, such as the Caribbean, Hawaii and the Pacific Islands, again permitted the U.S.A. to dominate the rankings. Since the table can be used as a guide to destinations preferred by the citizens of the countries listed, it provides information that should be particularly useful in developing marketing strategies. Hotels within a specific region may wish to reinforce the attractiveness of their area to nationalities who are already frequent travelers or they may want to market their area to nationalities who do not generally travel to their region.

Profile of the contributors

The age, size and other characteristics, operating results and major changes in revenue, occupancy and income are summarized and illustrated in Exhibits 4 and 5 and the chart on page 31.

Exhibit 3
Nationality of Guests—1979

	Rank		All Hotels	Africa	Asia	Australasia	Caribbean
	1979	1978					
U.S.A.	1	1	25.5%	10.2%	10.9%	10.5%	34.2%
German	2	4	10.8	8.2	9.7	1.0	4.7
British	3	7	10.1	8.2	8.3	6.0	2.6
French	4	2	6.8	32.5	5.5	.5	8.7
Other European	5	5	6.6	11.9	7.8	1.2	1.7
Canadian	6	3	5.9	3.1	1.5	1.2	9.3
Mexican	7	8	5.0	.2	.5	.3	.3
Other Asian	8	9	4.8	1.4	24.0	3.2	.3
Japanese	9T	6	4.3	1.3	8.7	4.2	.6
Scandinavian	9T	16	4.3	1.8	1.7	.8	.6
Mideastern	10	12	3.9	2.4	4.9	—	—
Australasian	11	11	3.1	1.2	6.4	70.0	—
Italian	12T	13	2.8	5.4	4.5	.3	1.3
South American	12T	10	2.8	.9	.8	.3	2.1
Other African	13	14	1.5	8.9	3.5	.5	—
Central American	14	15	1.3	.5	.7	—	3.6
North African	15	17	.5	1.9	.6	—	—

T = Tie.

Exhibit 4
General Profile of Typical Contributor
Based on Various Measures of Central Tendency

Criteria	Category of Typical Contributor
Age	Built between 1970 and 1979
Size	150–299 rooms
Occupancy	80% and over
Average Rate	$30–$44.99
Sales Volume	Over $6 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 50% and 74% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	Luxury
Management	Chain affiliated; reported net income before income tax in 1979.

Exhibit 5
Highlights*

- Total revenue increased 13.8 percent on a per-room basis.
- Room occupancy rose 2.9 percent to 75.0 percent compared to 72.9 percent in 1979.
- The average daily rate per occupied room was $39.20 compared with $33.80 in 1978, an increase of 16.0 percent.
- Payroll and related expenses per room rose 34.5 percent from $5,861 to $7,883.
- Income before income taxes increased more than 19 percent on a per room basis, largely because of inflation. The ratio to total sales increased slightly to 26.7 percent.

*Based on medians.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
38.5%	16.2%	24.1%	44.7%	13.1%	24.1%	39.1%	82.5%	23.0%
2.0	20.2	3.8	1.0	7.8	.7	2.5	.9	4.1
2.1	17.5	8.6	1.5	14.2	1.1	.5	1.7	2.9
2.4	7.8	2.6	1.7	12.1	.7	1.4	.7	5.1
1.7	10.2	4.6	.8	6.4	1.0	1.2	1.3	5.6
1.2	1.7	1.8	2.0	2.7	67.8	3.4	5.0	2.8
3.0	.3	.5	.3	.1	.3	45.7	1.9	1.6
3.4	1.7	20.5	4.0	3.8	.5	.1	.6	.9
3.1	3.5	16.6	21.7	4.1	2.5	1.1	1.6	1.7
1.4	9.3	1.4	.3	2.2	.3	.1	.2	.1
.3	3.0	1.7	.5	26.3	.1	.1	1.0	.2
.3	1.2	8.8	21.2	1.0	.3	.1	.4	.4
2.1	3.7	2.5	—	3.8	.3	.5	.4	2.3
18.8	.8	1.5	.3	.3	—	2.3	.9	46.7
.3	1.5	.4	—	.4	.1	.3	.1	.2
19.3	.7	.4	—	.7	.1	1.5	.7	2.4
.1	.7	.2	—	1.0	.1	.1	.1	—

Using the various measures of central tendency, the typical contributor is identified and defined in Exhibit 4, and the highlights of the analysis of operating results are set forth in Exhibit 5. The source and distribution of the 1979 worldwide lodging industry dollar compared with the previous year are shown in Chart 1, based on the weighted mean of the responses to the questionnaire. Higher room rates, occupancies and more guests per room (double occupancy) resulted in a larger portion of the dollar coming from room sales, reaching 52 percent of the total source of revenue. With customer counts falling off in the restaurants, food sales failed to keep pace with the increase in room sales causing a decline in the amount of revenue from this source. Beverage sales continued to account for nearly 12 cents of the dollar. Nearly all of the expenses required a smaller portion of the total dollar with payroll and some of the fixed charges, such as property taxes, interest, and depreciation and amortization, experiencing the largest declines. The combination of real growth in overall occupancy and the ability of operators to adjust rates in response to market and operating conditions pushed the portion of the dollar attributable to income before taxes to the highest levels reached in several years.

Performance measurements

In general, total sales per available room increased substantially in almost every region and category in 1979. Rising to $20,741 in 1979 from $18,222 in 1978, total sales per available room jumped 13.8 percent. Mexico, the Middle East, Hawaii and the Pacific Islands, and the Caribbean had the largest increase in sales, while Scandinavia, southern Europe and Southeast Asia were the only regions reporting decreases. In contrast to 1978, when two regions reported losses before income taxes, all of the regions and subregions earned a profit in 1979. In several regions, the increase was greater than 100 percent but in five of the 22 areas, declines were reported in income before taxes. Overall, income before taxes per available room rose from $1,489 in 1978 to $2,368 in 1979, an increase of nearly 60

(Continued on page 32)

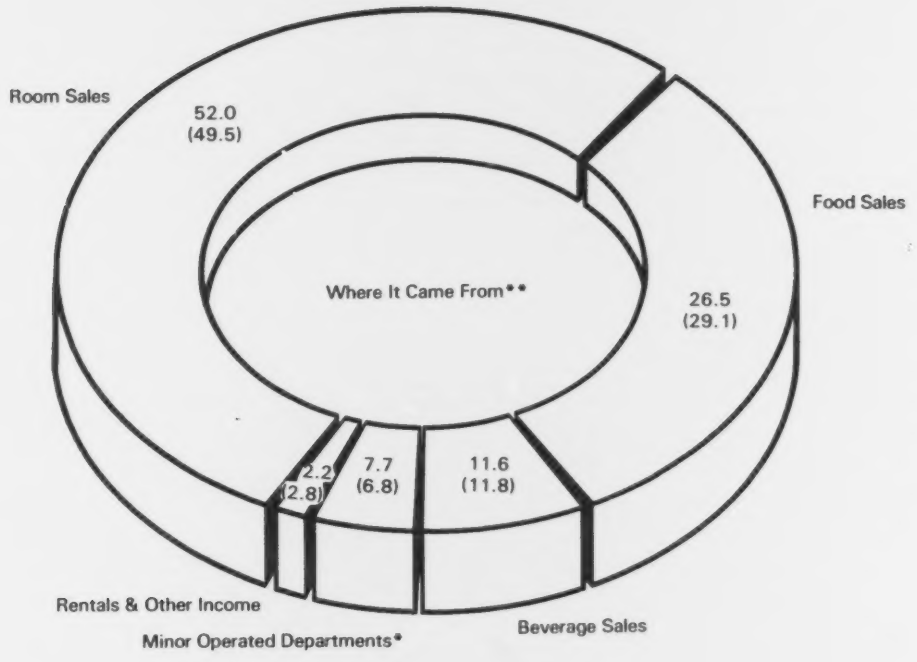
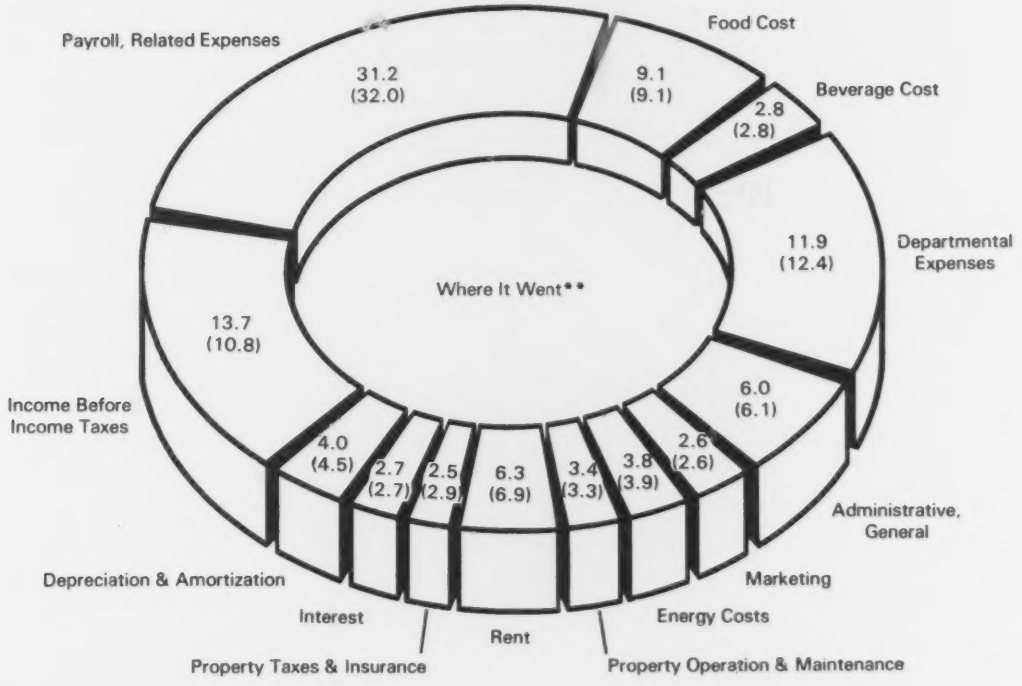


Chart 1: International Hotels
Percentage Distribution of Revenue and Expenses



*Including Telephone.
**1978 Percentages in Parentheses.

percent. The comparison of total sales and income is shown in Exhibit 6. Similar amounts per room are shown in Exhibit 7 for eight categories based on selected criteria such as age, size, rate and occupancy. Substantial improvements were shown in almost every breakdown and only those properties with primarily a nontourist clientele showed a drop in revenue and earnings.

The ratio of income before fixed charges to room sales and to total sales, and the number of times the average room rate was earned, are generally regarded as major yardsticks for measuring operating efficiency. These data for the various regions and

(Continued on page 34)

Exhibit 6
Comparison of Sales and Profitability*
By Region

	Amounts Per Available Room					
	Total Sales		Income Before Fixed Charges		Net Income** or (Loss)	
	1979	1978	1979	1978	1979	1978
Africa	$21,145	$18,361	$5560	$3795	$1618	$ 834
North Africa	21,145	14,213	7131	3872	842	572
Rest of Africa	21,609	18,474	5239	3795	1693	1098
Asia	$16,217	$15,751	$5387	$5325	$2951	$2863
Southeast Asia	15,076	16,649	4954	5351	2368	3903
Southwest Asia	17,085	13,380	6418	4966	3382	1806
Australasia	$22,870	$20,092	$4990	$5014	$2818	$3025
Caribbean	$27,209	$21,853	$ 134	$1962	$ 388	$1225
Central America	$12,435	$11,144	$3150	$1785	$ 534	$ (186)
Europe	$23,018	$20,937	$5713	$5100	$2497	$1594
Mediterranean Islands	19,021	15,120	5901	3399	5794	972
Northern Europe	23,697	21,722	5529	5142	1463	957
Scandinavia	19,697	21,239	3946	3926	1826	1523
Southern Europe	20,222	21,096	4956	2909	2024	(147)
United Kingdom	23,676	20,239	6631	6364	4136	4348
Far East	$27,047	$25,551	$8642	$9637	$5690	$8031
Hawaii & Pacific Islands	$29,416	$22,959	$6633	$5686	$3717	$2786
Middle East	$22,236	$17,375	$6174	$4935	$3298	$1786
North America						
Canada	$19,563	$17,017	$4026	$3835	$ 591	$ 136
Mexico	$16,432	$12,945	$5030	$3697	$2149	$1166
United States	$17,979	$16,702	$4895	$3900	$1607	$ 869
South America	$23,043	$18,905	$6707	$5515	$3354	$ 906
Median, All Hotels	$20,741	$18,222	$5358	$4492	$2368	$1489

*All figures are medians.
**Before income tax.

Exhibit 7
Comparison of Sales and Profitability*
By Selected Criteria

	Amounts Per Available Room					
	Total Sales		Income Before Fixed Charges		Net Income** or (Loss)	
	1979	1978	1979	1978	1979	1978
Age						
Built Pre-1940	$21,422	$18,990	$4185	$4083	$2261	$1806
1940–1959	16,335	17,143	3689	3347	1168	768
1960–1969	21,056	20,033	6146	5495	3366	1975
1970s	20,742	17,531	5364	4355	2368	1394
Size						
Under 150 Rooms	$18,888	$16,931	$3946	$2976	$1277	$ 667
150–299	19,505	17,296	5012	3941	1941	1321
300–600	23,053	19,759	6179	5377	2731	1856
Over 600	21,080	18,548	6631	5590	3476	1953
Rate***						
Group 1	$13,526	$10,805	$3253	$2305	$1605	$ 575
Group 2	18,880	15,718	4625	3877	1682	1064
Group 3	27,077	22,105	7614	5819	3966	1927
Group 4	38,007	33,132	11,197	9465	5622	4342
Occupancy						
Under 50%	$12,802	$ 9,819	$1299	$ 560	$ 388	$(696)
50–59%	14,363	13,063	2934	1941	1191	209
60–69%	18,128	16,841	4385	3438	1452	793
70–79%	21,679	18,796	5427	4987	2445	1553
80% and Over	24,663	23,119	7925	6777	3873	3226
Location						
City	$20,953	$18,317	$5458	$4495	$2325	$1499
Resort	20,074	17,519	4784	4362	2545	1450
Market						
Predominantly Tourist	$21,102	$15,367	$5562	$3700	$2317	$1175
Other	17,296	20,007	4486	4651	1995	2741
Rating						
Luxury	$21,550	$19,765	$5753	$4918	$2798	$1450
First Class	19,036	15,391	4981	4088	1802	1521
Food & Beverage Sales						
Ratio to Room Sales						
Under 50%	$20,077	$14,539	$6074	$4713	$3256	$1238
50–74%	20,900	18,455	5631	5488	2911	2008
75–99%	20,361	18,875	5529	4389	2535	1248
100% and Over	21,066	19,371	3915	4242	1543	1428
Median All Establishments	$20,741	$18,222	$5385	$4492	$2368	$1489

*All figures are medians.
**Before income tax.
***In $U.S. See page 24.

categories are presented in Exhibits 8 and 9. After experiencing moderate declines in operating efficiency in 1978, the industry rebounded in 1979 with gains in both the ratio of income before fixed charges to sales and in the number of times the average rate was earned. Almost all regions, other than the Caribbean, which experienced a particularly sharp drop in operating results, reported either solid gains or only minor decreases from the preceding year.

A common measurement of operating performance is the return on sales or ratio of net income to

(Continued on page 36)

Exhibit 8
General Statistics*—By Region

	Ratio of Income Before Fixed Charges To						
	Room Sales		Total Sales		Number of Times Average Rate Was Earned		
	1979	1978	1979	1978	1979	1978	Increase (Decrease)
Africa	43.9%	44.3%	21.8%	20.5%	144	113	27.4%
North Africa	76.0	54.9	33.7	24.2	183	120	52.5
Rest of Africa	42.0	38.8	21.4	20.3	135	94	43.6
Asia	68.9%	74.7%	33.0%	33.7%	197	206	(4.4)%
Southeast Asia	57.8	79.0	31.0	32.6	179	214	(16.4)
Southwest Asia	75.4	69.3	34.5	36.2	212	170	24.7
Australasia	57.2%	61.6%	26.1%	25.3%	143	168	(14.9)%
Caribbean	2.3%	26.0%	1.1%	10.6%	99	53	86.8%
Central America	42.3%	31.9%	16.2%	16.5%	92	81	13.6%
Europe	50.5%	50.2%	25.6%	24.7%	128	130	(1.5)%
Mediterranean Islands	71.1	38.5	35.6	18.4	211	113	86.7
Northern Europe	49.2	48.6	25.5	24.9	123	122	.8
Scandinavia	45.6	52.9	24.0	17.6	116	130	(10.8)
Southern Europe	38.2	36.6	24.4	18.2	122	92	32.6
United Kingdom	51.9	55.5	26.9	30.1	135	146	(7.5)
Far East	76.2%	81.1%	38.5%	37.0%	247	247	—
Hawaii & Pacific Islands	48.4%	53.3%	27.9%	27.9%	152	166	(8.4)%
Middle East	65.1%	54.8%	33.6%	29.1%	153	161	(5.0)%
North America							
Canada	46.4%	43.8%	23.8%	21.0%	126	109	15.6%
Mexico	61.2%	57.3%	31.1%	28.7%	184	160	15.0%
United States	44.9%	44.4%	26.5%	24.9%	118	111	6.3%
South America	57.1%	51.5%	30.2%	24.8%	177	147	20.4%
Median, All Hotels	50.9%	50.0%	26.7%	25.0%	135	132	2.3%

*All figure are medians.

Exhibit 9
General Statistics*—By Selected Criteria

	Ratio of Income Before Fixed Charges To						
	Room Sales		Total Sales		Number of Times Average Rate Was Earned		
	1979	1978	1979	1978	1979	1978	Increase (Decrease)
Age							
Built Pre-1940	40.2%	42.1%	19.6%	22.0%	109	109	—
1940–1959	43.5	38.5	24.0	19.5	111	99	12.1%
1960–1969	52.7	56.6	28.1	29.0	157	158	(.6)
1970s	53.0	51.8	28.2	25.4	135	134	.7
Size							
Under 150 Rooms	46.4%	43.5%	23.4%	20.9%	134	116	15.5%
150–299	49.8	48.6	26.3	24.2	126	124	1.6
300–600	51.7	52.8	27.9	27.5	152	151	.7
Over 600	58.6	55.9	30.0	28.2	158	149	6.0
Rate**							
Group 1	50.5%	46.8%	25.0%	21.3%	145	116	25.0%
Group 2	47.7	50.4	25.0	24.7	125	130	(3.8)
Group 3	53.7	49.6	27.9	26.1	149	139	7.2
Group 4	57.3	59.0	30.6	28.4	152	151	.7
Occupancy							
Under 50%	29.1%	12.9%	14.9%	6.6%	55	18	205.6%
50–59%	38.6	33.4	19.7	17.5	80	69	15.9
60–69%	47.4	45.1	24.7	21.3	115	109	5.5
70–79%	47.4	50.6	25.1	25.2	131	139	(5.8)
80% & Over	60.3	61.7	33.0	30.9	193	196	(1.5)
Location							
City	51.7%	50.4%	27.3%	25.2%	135	132	2.3%
Resort	47.1	48.5	24.7	24.7	135	137	(1.5)
Market							
Predominantly Tourist	52.0%	49.5%	26.9%	24.8%	135	129	4.7%
Other	51.6	50.3	26.2	24.7	142	131	8.4
Rating							
Luxury	51.9%	49.2%	27.0%	24.8%	138	130	6.2%
First Class	50.3	53.1	25.4	26.0	133	138	(3.6)
Food & Beverage Sales							
Ratio to Room Sales							
Under 50%	50.1%	44.8%	33.1%	29.1%	134	119	12.6%
50–74%	50.3	50.3	28.5	29.3	135	145	(6.9)
75–99%	54.2	50.6	27.1	24.8	145	133	9.0
100% & Over	46.4	54.8	20.2	20.7	124	132	(6.1)
Median, All Establishments	50.9%	50.0%	26.7%	25.0%	135	132	2.3%

*All figures are medians.
**In $U.S. See page 24.
NA – Not Available.

Exhibit 10
Net Income Differential*

	Hotels Reporting		Net Income Hotels Higher or (Lower) by
	Net Income	Net Loss	
Occupancy	77.3%	66.5%	5.2%
Double Occupancy	38.1	36.2	5.2
Average Rate	$39.95	$35.88	11.3
Amount Per Available Room			
Sales			
Rooms	$11,190	$ 8781	27.4
Food	5696	5086	12.0
Beverage	2555	2212	15.5
Other	1341	961	39.5
Total Sales	21,556	17,121	25.9
Payroll & Related Expenses	6737	6551	2.8
Undistributed Expenses (Excluding Payroll)			
Administrative & General	1191	1050	13.4
Marketing	551	511	7.8
Energy Costs	807	839	(3.8)
Property Operation & Maintenance	657	610	7.7
Income Before Fixed Charges	5854	2389	145.0
Fixed Charges	2671	3581	(25.4)
Net Income (Loss) Before Income Tax	$ 3060	$ (634)	—
Number of Times Rate Was Earned	149	80	86.3
Net Cost of Operation Per Dollar of Average Room Rate	$ 88	$ 108	(18.5)
Ratio of Income Before Fixed Charges To:			
Room Sales	54.0%	36.6%	47.5
Total Sales	28.8%	15.2%	89.5
Cost of Food Sales (After Credit For Employee Meals)	34.9¢	35.1¢	(.6)
Cost of Beverage Sales	23.9¢	26.3¢	(9.1)
Departmental Income—Ratio to Room Sales	18.3%	13.4%	36.6
Productivity Index			
Food & Beverage	2.768	2.404	15.1
Total	3.285	2.477	32.6
Balance Sheet Ratios			
Current Position	$ 1.56	$ 1.45	7.6
Accounts Receivable—Ratio to Total Sales	7.4%	6.7%	10.4
Food Inventory Turnover	23.2	21.2	9.4
Beverage Inventory Turnover	5.3	5.5	(3.6)
Ratio of Total Sales to Total Assets	214.6%	78.1%	174.8
Ratio of Net Income Before Income Taxes to Total Sales	13.8%	(3.9)%	—
Return on Total Assets	12.0%	(2.5)%	—

*Before income taxes. All figures are medians.

total revenue as presented in Exhibit 10 for hotels reporting net income and those showing net losses. As expected, a higher average daily rate and occupancy contributed mainly to the better results in the profitable hotels. The combination of these two factors pushed the ratio of total sales to total assets sharply higher for the net income group, enabling management to realize a higher level of productivity in terms of assets and employees. The productivity index which measures the relationship between sales and payroll costs was more than 30 percent higher for

Exhibit 11
Return on Total Assets—By Region

	Turnover*
Africa	$ .61
Asia	.74
Australasia	—
Caribbean	1.50
Central America	—
Europe	.71
Far East	.57
Hawaii & Pacific Islands	—
Middle East	—
North America	
Canada	.83
Mexico	1.39
United States	.91
South America	.64
Mean, All Hotels	$ .86

*Total sales divided by total assets.
**Ratio of net income before income tax or (loss) to total sales.
***Turnover times earnings ratio. All figures are computed.
All figures are arithmetic means of those supplying data and own rather than lease the fixed assets.

the net income group. In addition, the net income group tended to spend more on marketing and property operation and maintenance, recognizing the need to spend money in order to make money. Energy costs per room also tended to be lower for the net income group.

Exhibits 11 and 12 indicate the extent to which management of the hotels in the various regions and groups used available resources to generate revenue. Turnover measures total sales per dollar of total assets, and the earnings ratio is the return on sales

Exhibit 12
Return on Total Assets—By Selected Criteria

	Turnover*	Earnings Ratio**	Rate of Return or (Loss)***
Age			
Built Pre-1940	$ .90	7.0%	6.3%
1940-1959	.78	14.7	11.5
1960-1969	1.02	15.1	15.4
1970s	.77	10.3	7.9
Size			
Under 150 Rooms	.97	13.2	12.8
150-299	.69	11.4	7.9
300-600	.92	10.6	9.8
Over 600	.99	13.4	13.3
Rate****			
Group 1	.84	16.7	14.0
Group 2	.84	8.2	6.9
Group 3	.96	11.9	11.4
Group 4	.80	13.5	10.8
Food & Beverage Sales			
Ratio To Room Sales			
Under 50%	1.55	12.5	19.4
50-74%	.71	12.5	8.9
75-99%	.83	14.6	12.1
100% & Over	.91	8.5	7.7
Mean, All Establishments	$ .86	11.8%	10.1%

*Total sales divided by total assets.
**Ratio of net income before income tax or (loss) to total sales.
***Net income before income tax divided by total assets.
****In $U.S. See page 24.
All figures are the arithmetic mean of those supplying data.

Earnings Ratio**	Rate of Return or (Loss)***
13.4%	8.2%
18.4	13.6
—	—
3.1	4.7
—	—
9.2	6.5
23.1	13.2
—	—
—	—
3.0	2.5
18.8	26.1
7.6	6.9
16.0	10.2
11.8%	10.1%

Exhibit 13
Return on Investment*—By Region

	Return On Invested Capital**	Return On Equity***
Africa	—	—
Asia	23.2%	25.5%
Australasia	—	—
Caribbean	—	24.4
Central America	—	—
Europe	12.8	30.2
Far East	10.9	28.0
Hawaii & Pacific Islands	—	—
Middle East	—	1.2
North America		
Canada	12.4	15.6
Mexico	—	29.9
United States	13.4	18.5
South America	10.9	39.2
Median, All Hotels	14.0%	24.9%

*All figures are medians based on those supplying data.
**Ratio of net income after income tax, but before interest, to total interest-bearing debt and equity.
***Ratio of net income after income taxes to stockholders' equity.

before income taxes. The combination of these measurements, return on total assets, is frequently used to gauge operating performance. The figures are shown for those hotels in each region or group that provided us with data on total assets and those that owned rather than leased their fixed assets.

Exhibit 13 shows the return on invested capital (interest-earning debt plus equity) and return on stockholders' equity for those regions in which the hotels supplied sufficient data.

A comparison of various performance measurements for hotels with different types of management is shown in Exhibit 14. Chain affiliated properties continued to operate more efficiently due to the standardization of procedures, but because of higher occupancies and room rates the independents earned slightly more in terms of amount per available room.

Exhibit 14
Independent and Chain Affiliated*

	Independent	Chain-Affiliated	Independent Differs By
Occupancy	75.1%	73.8%	1.8%
Double Occupancy	35.8%	40.6%	(11.8)
Average Rate	$ 39.69	$ 34.00	16.7
Amount Per Available Room			
Sales			
Rooms	$10,638	$ 9110	16.8
Food	5489	5386	1.9
Beverage	2483	2539	(2.2)
Other	1250	1663	(24.8)
Total Sales	$20,900	$19,007	10.0
Payroll & Related Expenses	6608	5218	26.6
Undistributed Expenses (Excluding Payroll)			
Administrating & General	1182	831	42.2
Marketing	549	403	36.2
Energy Costs	812	864	(6.0)
Property Operation & Maintenance	653	633	3.2
Income Before Fixed Charges	5435	4486	21.2
Fixed Charges	2732	2193	24.6
Net Income (Loss) Before Income Tax	$ 2389	$ 2238	6.7
Number of Times Rate Was Earned	135	138	(2.2)
Net Cost of Operation Per Dollar of Average Room Rate	$ 93	$ 65	43.1
Ratio of Income Before Fixed Charges To:			
Room Sales	47.0%	51.1%	(8.0)
Total Sales	26.0%	26.7%	(2.6)
Cost of Food Sales (After Credit For Employees Meals)	38.3¢	34.8¢	10.1
Cost of Beverage Sales	26.9¢	23.6¢	14.0
Departmental Income—Ratio to Room Sales	20.3%	17.6%	15.3
Productivity Index			
Food & Beverage	2.663	3.255	(18.2)
Total	3.106	3.665	(15.3)
Balance Sheet Ratios			
Current Position	$ 1.52	$ 1.79	(15.1)
Accounts Receivable—Ratio to Total Sales	7.0%	7.4%	(5.4)
Food Inventory Turnover	23.3	24.4	(4.5)
Beverage Inventory Turnover	5.3	5.4	(1.9)
Ratio of Total Sales to Total Assets	207.0%	145.2%	42.6
Ratio of Net Income Before Income Taxes to Total Sales	13.3%	11.5%	15.7
Return on Total Assets	6.9%	15.2%	(54.6)

*All figures are medians.

Analysis of sales

The composition of sales in the regions and in the various categories is illustrated in Exhibits 15 and 16. Guest room rentals are the predominant source of revenue in most regions, particularly properties located in the United States, Hawaii and the Pacific Islands, and Central America. Food and beverage sales were the principal source of revenue for the properties located in Australasia and the Far East. In

Exhibit 15
Composition of Sales*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Rooms	51.2%	48.6%	48.8%	45.8%	49.1%	52.7%
Food	27.2	26.4	29.0	30.4	28.2	25.0
Beverage	12.3	13.8	11.0	16.2	11.2	11.7
Telephone	3.6	3.6	4.1	3.2	2.0	6.5
Minor Operated Departments	2.2	5.3	2.6	2.2	5.4	1.4
Rentals & Other Income	3.5	2.3	4.5	2.2	4.1	2.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Exhibit 16
Composition of Sales*—By Selected Criteria

	Age				Size			
	Built Pre-1940	1940-1959	1960-1969	1970's	Under 150 Rooms	150-299 Rooms	300-600 Rooms	Over 600 Rooms
Rooms	50.0%	50.9%	50.3%	52.2%	46.4%	51.6%	52.9%	51.0%
Food	28.6	29.3	27.6	26.4	30.8	27.5	25.4	27.1
Beverage	12.2	11.0	11.9	12.7	15.0	12.3	11.6	11.4
Telephone	3.3	2.9	3.4	3.8	3.4	3.6	3.9	3.0
Minor Operated Departments	2.2	2.7	2.7	1.9	2.2	2.2	2.4	2.2
Rentals & Other Income	3.7	3.2	4.1	3.0	2.2	2.8	3.8	5.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.
**Before income tax.

the analysis by category, other than those in which the food and beverage volume is the basis of comparison, there is little variation in the composition of sales. The smaller properties, resorts and first-class hotels tended to have a larger portion of revenue stemming from restaurant sales. Telephone sales were generally higher in the newer, mid-sized properties and those located in the city. This is indicative of the establishments that cater primarily to commercial travelers.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
51.5%	42.7%	54.5%	49.8%	45.2%	51.6%	56.8%	48.3%
27.0	31.5	30.2	28.8	26.8	24.4	25.8	26.4
12.8	11.4	9.6	8.1	21.7	15.5	10.2	12.5
4.1	3.4	1.3	5.2	2.1	2.1	2.7	4.9
1.7	2.7	.6	4.4	.6	1.6	1.8	3.5
2.9	8.3	3.8	3.7	3.6	4.8	2.7	4.4
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Location		Market		Rating		Restaurant Operated Total Food & Beverage Sales—Ratio to Room Sales				Hotels Reporting	
City	Resort	Predominantly Tourist	Other	Luxury	First Class	Under 50%	50–74%	75–99%	100% and Over	Net Income**	Net Loss
51.4%	49.7%	49.6%	49.7%	51.7%	50.1%	66.7%	56.0%	48.5%	38.6%	51.4%	47.3%
26.6	30.9	26.8	29.1	26.6	28.5	17.9	24.4	28.7	34.5	26.9	30.5
12.5	11.3	13.2	12.2	11.8	13.4	6.9	10.7	12.9	16.6	12.3	13.1
3.8	2.2	4.3	2.3	3.7	3.3	4.1	4.0	3.5	3.7	3.7	3.3
2.2	2.6	2.5	2.8	2.6	1.5	1.6	1.7	3.1	2.3	2.2	2.7
3.5	3.3	3.6	4.0	3.6	3.2	2.8	3.2	3.3	4.3	3.5	3.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 17 illustrates the revenue and expenses for minor operated departments on the basis of amount per available room and ratio to sales. Telephone revenue in relation to total sales varies widely from region to region. Properties in Central and South America reported more than 5 percent of total sales from this department. Hawaii and the Pacific Islands traditionally have not relied on this department for a

Exhibit 17
Minor Operated Departments and Other Income
Median Amounts Per Room and Ratios to Sales*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean
Telephone					
Amount Per Available Room					
Sales	$569	$940	$810	$ 731	$ 566
Cost of Sales					
Cost of Calls	448	723	641	562	386
Equipment Rental	80	27	76	117	163
Total	522	745	736	717	542
Payroll & Related Expenses	128	87	53	181	122
All Other Expenses	7	8	6	—	2
Total Cost & Expenses	642	836	748	844	617
Net Departmental Income or (Loss)	$ (12)	$ 65	$ 12	$(163)	$(96)
Ratio to Total Sales					
Sales	3.0%	4.2%	4.0%	3.0%	2.5%
Cost of Sales	2.6	3.4	3.6	3.0	2.0
Payroll & Related Expenses	.6	.4	.3	.7	.5
Minor Operated Departments					
Amount Per Available Room					
Sales	$342	$620	$466	$ 346	$ 568
Cost of Sales	100	134	156	188	220
Payroll & Related Expenses	129	129	74	113	139
Other Expenses	20	92	20	25	110
Total Costs & Expenses	212	281	268	243	529
Net Departmental Income	$105	$283	$247	$ 165	$ 77
Ratio to Total Sales					
Sales	1.6%	3.0%	2.4%	1.7%	2.9%
Cost of Sales	.5	.4	.6	.9	.8
Payroll & Related Expenses	.5	.9	.4	.4	.6
Rentals & Other Income					
Amount Per Available Room					
Space Rentals	$129	$222	$466	$ 45	$ 187
Concessions	39	59	156	83	170
Commissions	25	67	74	10	3
Other	140	78	20	187	244
Total Rentals & Other Income	$345	$323	$268	$ 189	$ 784
Ratio to Total Sales	1.5%	1.5%	3.4%	.7%	2.6%

*All figures are medians.

large source of revenue and, as a result, only $21 per room or 1.2 percent of sales was generated from this activity. Overall, properties in the Far East, Asia and the Middle East tended to show a larger portion of revenue from the minor operated departments than the other regions.

The average length of stay is an important yard-

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
$784	$759	$1085	$ 291	$1182	$ 460	$327	$ 503	$1141
660	480	980	222	726	332	314	430	1177
49	60	71	81	55	157	30	104	27
764	527	948	321	727	471	54	507	953
74	194	70	209	142	136	90	140	152
5	8	5	4	9	4	9	6	9
764	640	888	538	823	561	203	650	1054
$ 6	$105	$ 5	$(219)	$234	$(131)	$ 69	$(151)	$ 8
5.6%	3.7%	3.3%	1.2%	4.4%	2.4%	1.5%	2.6%	5.0%
5.4	2.4	2.8	1.2	3.0	2.5	.3	2.7	3.9
.8	.7	.3	.6	.6	.7	.6	6.7	.6
$192	$313	$ 766	$ 94	$422	$ 156	$214	$ 224	$747
69	122	237	39	125	35	59	61	177
38	165	150	42	147	121	186	121	174
24	13	67	3	41	9	21	9	56
157	190	334	101	281	133	64	140	524
$107	$ 96	$ 378	$ 24	$213	$ 25	$154	$ 17	$238
2.4%	1.2%	2.6%	.3%	2.2%	.8%	1.6%	1.1%	2.9%
.9	.5	.5	.2	.5	.2	.4	.3	.8
.3	.5	.5	.2	.6	.6	.7	.5	.7
$ 41	$ 99	$ 386	$685	$221	$ 77	$142	$ 85	$177
166	58	69	42	130	110	82	24	99
11	38	70	62	6	19	36	26	18
73	182	309	78	216	98	321	65	165
$116	$328	$ 485	$860	$429	$ 221	$492	$ 178	$467
1.3%	1.3%	2.3%	2.5%	2.1%	1.1%	2.8%	1.1%	1.9%

stick and promotional efforts are frequently aimed at increasing it. However, it is much more important to have the services properly priced and efficiently provided. Exhibit 18 shows that hotels reporting net income were able to achieve both a higher average length of stay and a greater amount of revenue per guest than those reporting losses.

Exhibit 18
Sales Per Average Guest Stay*

	Hotels Reporting		By Location		By Clientele	
	Net Income	Net Loss	City	Resort	Predominantly Tourist	Other
Rooms	$ 71.20	$ 51.61	$ 63.62	$ 78.57	$ 63.10	$ 57.72
Food	36.01	35.55	34.28	51.95	35.44	38.46
Beverage	17.21	13.67	16.44	16.03	18.04	13.80
Telephone	4.59	2.90	4.36	3.95	5.15	3.33
Minor Departments	2.26	1.69	1.88	2.37	1.79	1.48
Rentals & Other Income	2.29	1.42	2.09	2.28	2.06	2.14
Total Sales	$143.55	$113.38	$129.19	$163.20	$132.00	$130.46
Operating Expenses	$104.45	$100.59	$100.90	$131.52	$103.36	$101.75
Average Stay (Days)	2.41	2.07	2.26	3.07	2.08	2.83

*All figures are medians and do not necessarily add to totals shown.

Occupancy and average rate

The medians of room occupancy, number of guests per room, average daily rate per room and per guest, and average length of stay are shown for the various regions and subregions in Exhibit 19, and

Exhibit 19
Occupancy, Double Occupancy, Room Rates and Length of Stay*—By Region

	Annual Room Occupancy		Number of Guests Per Room		Average Daily Rate: Per Room (U.S. Dollars)		Average Daily Rate: Per Guest (U.S. Dollars)		Length of Stay (Days)	
	1979	1978	1979	1978	1979	1978	1979	1978	1979	1978
Africa										
North Africa	81.7%	68.1%	1.24	1.31	$38.92	$23.86	$32.11	$13.63	5.1	2.6
Rest of Africa	80.4	74.4	1.20	1.23	41.43	35.75	28.58	28.34	3.8	3.7
Total for Region	81.7%	73.9%	1.23	1.27	$41.13	$33.63	$30.02	$26.40	3.8	3.7
Asia										
Southeast Asia	76.1%	75.7%	1.30	1.51	$31.01	$21.94	$20.28	$14.55	2.2	2.3
Southwest Asia	77.6	69.6	1.47	1.28	27.58	30.41	21.41	20.18	2.4	2.4
Total for Region	77.6%	74.2%	1.35	1.43	$29.17	$24.96	$21.41	$16.31	2.3	2.3
Australasia	69.3%	75.5%	1.39	1.44	$38.64	$32.49	$22.43	$20.10	2.4	2.1
Caribbean	64.7%	67.3%	1.77	1.72	$49.13	$40.62	$27.06	$25.13	3.6	3.3
Central America	70.4%	69.6%	1.47	1.32	$29.00	$28.18	$18.53	$17.38	3.5	3.4
Europe										
Mediterranean Islands	81.2%	80.6%	1.60	1.69	$31.71	$30.00	$19.82	$17.75	5.0	5.9
Northern Europe	70.2	68.9	1.27	1.30	45.47	45.33	35.83	35.79	1.6	1.7
Scandinavia	71.6	67.4	1.32	1.24	35.25	29.55	25.01	24.71	1.7	1.8
Southern Europe	75.3	76.1	1.57	1.40	39.16	42.27	26.03	29.44	3.5	2.5
United Kingdom	78.0	79.0	1.36	1.48	43.48	36.29	28.50	24.97	2.5	2.6
Total for Region	72.5%	71.4%	1.32	1.32	$43.71	$37.60	$29.44	$29.29	2.0	1.9
Far East	85.7%	83.6%	1.45	1.44	$43.44	$38.87	$29.68	$24.72	3.2	2.7
Hawaii & Pacific Islands	92.3%	85.3%	1.80	1.75	$50.64	$42.26	$29.16	$24.73	3.2	4.8
Middle East	68.2%	71.3%	1.40	1.41	$47.55	$37.19	$26.24	$23.28	2.8	2.8
North America										
Canada	76.4%	68.8%	1.28	1.40	$32.72	$29.94	$19.23	$21.91	1.9	2.1
Mexico	81.4%	78.4%	1.75	1.61	$30.23	$25.66	$16.93	$15.53	1.9	2.2
United States	73.2%	71.6%	1.35	1.34	$39.90	$34.49	$28.53	$22.15	2.5	2.4
South America	82.5%	78.7%	1.30	1.43	$40.23	$33.28	$29.12	$22.71	2.6	2.8
Median, All Hotels	75.0%	72.9%	1.40	1.39	$39.20	$33.80	$28.02	$22.99	2.4	2.4
Increase (Decrease) in 1979	2.9%		.7%		16.0%		21.9%		—	

*All figures are medians.

for selected groups in Exhibit 20.

The occupancy rate increased by nearly 3 percent in 1979, reaching 75 percent for the year. Although the number of guests per room dropped slightly during the year, the average daily rate increased by 16 percent to $39.20 for 1979, primarily due to

Exhibit 20
Occupancy, Double Occupancy, Room Rates and Length of Stay*—By Selected Criteria

	Annual Room Occupancy		Number of Guests Per Room		Average Daily Rate: Per Room (U.S. Dollars)		Average Daily Rate: Per Guest (U.S. Dollars)		Length of Stay (Days)	
	1979	1978	1979	1978	1979	1978	1979	1978	1979	1978
Age										
Built Pre-1940	72.6%	70.8%	1.41	1.38	$38.40	$35.11	$26.58	$23.63	2.3	2.3
1940-1959	73.8	72.0	1.40	1.49	34.74	33.55	22.02	19.96	2.6	2.2
1960-1969	79.3	76.8	1.39	1.38	40.10	34.20	28.57	24.96	2.7	2.5
1970s	72.9	72.3	1.33	1.38	39.47	33.06	26.57	22.82	2.1	2.3
Size										
Under 150 Rooms	72.0%	69.4%	1.46	1.41	$32.07	$26.46	$21.25	$20.10	2.1	1.9
150-299	71.7	70.8	1.30	1.37	37.66	32.02	25.88	22.20	2.1	2.4
300-600	78.9	76.4	1.35	1.38	43.89	36.17	31.26	25.66	2.4	2.4
Over 600	75.2	76.2	1.41	1.41	43.10	37.85	29.56	22.46	3.0	2.4
Rate**										
Group 1	73.6%	67.0%	1.52	1.48	$24.85	$21.30	$15.57	$14.49	2.1	2.3
Group 2	73.4	71.0	1.35	1.41	36.98	30.63	25.77	21.56	2.3	2.1
Group 3	76.5	75.7	1.34	1.38	50.74	40.72	36.34	28.44	2.4	2.4
Group 4	79.6	79.9	1.32	1.34	74.71	60.57	52.78	42.42	2.9	2.6
Location										
City	75.3%	72.8%	1.33	1.36	$39.56	$33.79	$27.64	$23.65	2.3	2.3
Resort	72.6	74.2	1.76	1.76	37.97	33.87	21.99	20.73	3.1	3.5
Market										
Predominantly Tourist	74.1%	70.4%	1.30	1.74	$40.23	$30.79	$28.90	$18.32	2.1	3.0
Other	76.0	73.1	1.71	1.32	32.42	34.75	19.54	27.36	2.8	2.4
Rating										
Luxury	75.6%	74.7%	1.38	1.41	$41.36	$37.06	$29.54	$24.79	2.5	2.6
First Class	73.7	70.8	1.33	1.36	35.62	29.76	22.28	21.35	1.7	2.0
Food & Beverage Sales										
Ratio to Room Sales										
Under 50%	81.0%	73.2%	1.39	1.36	$42.03	$33.79	$29.28	$21.13	2.0	2.1
50-74%	77.2	77.6	1.31	1.37	43.29	36.93	29.84	26.13	2.4	2.8
75-99%	75.3	75.5	1.40	1.42	37.81	35.81	26.41	24.58	2.6	2.3
100% & Over	70.7	66.7	1.39	1.40	34.74	30.19	22.58	21.11	2.3	2.1
Median, All Establishments	75.0%	72.9%	1.40	1.39	$39.20	$33.80	$28.02	$22.99	2.4	2.4

*All figures are medians.
**In $U.S. See page 24.

increased rates and a better utilization of the higher priced rooms. Length of stay remained relatively unchanged at 2.4 days.

Occupancy improved in almost every region with Australasia and the Caribbean reporting the only declines. Several regions, in particular Africa, the Far East and South America, achieved occupancies greater than 80 percent; Hawaii and the Pacific Islands reported a median occupancy rate of 92.3 percent. Average daily rate per occupied room was also sharply higher in nearly all regions except for Southwest Asia and southern Europe which reported small decreases.

Large properties, resorts and establishments with the highest room rates were the only facilities reporting decreases in occupancy when analyzed by groups. The lowest rate group, properties located in the city and those with the lowest concentration of revenue coming from food and beverage sales achieved the largest increases in occupancy. The sharpest increase in the average daily room rate occurred in the category of hotels built 10 to 20 years ago and those with the highest level of average room rates.

Restaurant operations

To show the fluctuations in the cost of operating the food and beverage department, Exhibit 21 contains a comparison of the departmental ratios to sales for low and high volume properties, those with low and high room

Exhibit 21
Restaurant Operations*—By Selected Criteria

	Food & Beverage Sales Ratio to Room Sales		Room Occupancy		Hotels Reporting Net Income
	Under 100%	100% & Over	Under 50%	80% & Over	
Sales					
Food	72.0%	69.4%	71.8%	70.0%	69.9%
Beverage	28.0	30.7	30.0	30.4	30.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales					
Food	33.9%	35.8%	36.4%	34.8%	34.9%
Beverage	23.8	27.4	26.3	23.6	23.9
Total	31.3%	33.9%	34.9%	31.7%	31.9%
Gross Profit	68.7%	66.1%	65.1%	68.3%	68.1%
Public Room Sales	2.5	1.4	1.0	1.9	1.8
Other Income	.9	2.4	1.2	1.9	1.5
Total	71.7%	69.0%	67.9%	70.9%	70.7%
Departmental Expenses					
Payroll & Related Expenses	46.6%	34.1%	32.1%	34.2%	36.1%
China, Glassware, Silver & Linen	1.8	1.5	1.5	1.8	1.7
Contract Cleaning	.3	.2	.3	.4	.3
Kitchen Fuel	.5	.6	1.1	.5	.6
Laundry & Dry Cleaning	1.1	1.0	1.1	.8	.9
Licenses	.1	.1	.1	.1	.1
Music & Entertainment	1.6	2.3	2.5	2.5	2.1
Operating Supplies	1.8	1.4	2.2	1.9	1.8
Other Operating Expenses	1.1	1.0	1.0	1.0	1.0
Uniforms	.4	.3	.5	.4	.4
All Other Expenses	1.5	1.1	1.1	1.3	1.2
Total	57.7%	44.2%	10.7%	11.2%	10.3%
Departmental Income	14.1%	24.2%	22.5%	26.4%	24.1%
Productivity Index	2.146	2.936	3.112	2.921	2.768
Covers Per Seat—Daily					
Dining Room	2.7	1.7	1.4	2.4	2.0
Banquet	.2	.3	.1	.3	.2
Average Check	$5.89	$7.33	$7.79	$5.51	$6.06

*All ratios are medians and do not necessarily add to totals shown.

occupancy and those reporting net income. As a general rule, the food and beverage departmental profit should approximate 25 percent of total sales for the operation to contribute a fair share toward the overhead costs of the hotel. On this basis, departmental profits reported by hotels with low occupancies were inadequate.

Exhibits 22 and 23 (pages 48–55) show the food and beverage statistics for those hotels providing the detail. Food sales per available room and per seat by restaurant are given together with the average sale

Exhibit 22
Food and Beverage Statistics*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Food Sales—By Facility						
Amount Per Available Room						
Dining Room	$3600	$4126	$3249	$4167	$7126	$2809
Room Service	463	563	474	725	242	203
Banquet	1369	996	1131	2701	296	250
Bar/Lounge	131	195	69	209	312	42
Total	$5489	$5760	$4487	$6369	$7599	$3078
Ratio to Total Food Sales						
Dining Room	65.3%	72.9%	68.8%	53.2%	91.2%	88.5%
Room Service	8.3	9.4	10.4	9.3	4.5	8.1
Banquet	24.6	16.4	20.6	34.4	6.1	8.9
Bar/Lounge	2.2	2.6	1.2	2.8	4.0	1.0
Amount Per Seat						
Dining Room	$4133	$3007	$2450	$3761	$3371	$3338
Banquet	648	705	454	840	267	376
Bar/Lounge	239	318	139	119	307	101
Total	$1603	$1799	$1198	$1571	$1382	$1446
Average Check						
Dining Room	$ 5.79	$ 7.75	$ 4.43	$ 6.58	$ 6.66	$ 4.35
Room Service	4.42	4.57	2.82	5.66	3.49	4.23
Banquet	8.82	10.46	5.78	9.59	7.89	4.10
Total	$ 6.23	$ 7.45	$ 3.96	$ 7.01	$ 4.52	$ 3.81
Covers Served Per Seat						
Dining Room	727	377	691	587	460	729
Banquet	81	58	148	88	39	33

*All figures are medians and do not necessarily add to totals shown.

per customer (average check) and number of persons served (covers) per seat. Analysis of the results shows that price and capacity are the factors that determine the relative importance of the food and beverage operation. Not only do those hotels with high restaurant volumes in relation to room sales obtain higher sales per customer, they also have considerably more seats in relation to the number of guest rooms.

(Continued on page 56)

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$4169	$5521	$65[illegible]0	$4588	$3060	$2572	$2532	$3520
625	556	41[illegible]	862	419	336	311	641
1415	1206	1131	1378	1210	913	1873	1226
135	448	406	111	236	146	90	45
$6300	$8194	$8184	$6922	$5026	$4178	$4928	$5234
68.2%	64.5%	75.6%	68.3%	64.9%	67.9%	56.7%	63.9%
9.8	7.2	4.2	12.6	7.7	8.0	6.6	10.8
22.2	18.7	20.2	16.4	23.7	25.0	35.6	22.3
2.0	4.5	4.0	2.0	4.0	5.6	2.1	.9
$5918	$5931	$7350	$4216	$3979	$4013	$3532	$3735
822	1526	1082	994	596	358	598	537
306	939	815	207	303	108	420	40
$2190	$2768	$4305	$2121	$1237	$ 920	$1298	$1248
$ 8.59	$ 4.81	$ 5.79	$ 5.78	$ 4.51	$ 4.13	$ 4.68	$ 5.08
5.26	3.77	6.23	4.23	4.08	2.97	6.60	3.81
10.65	7.97	8.17	11.08	7.15	6.27	9.34	8.93
$ 8.44	$ 5.03	$ 5.66	$ 5.66	$ 5.00	$ 5.62	$ 5.89	$ 5.95
752	1090	1037	526	922	866	737	668
94	163	124	54	82	50	71	55

(Continued on next page)

Exhibit 22 (continued)

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Room Service Sales						
Per Occupied Room						
Food	$ 1.79	$ 3.08	$ 1.89	$ 2.84	$ 1.08	$ 1.28
Beverages	.55	.75	.40	.88	.45	.32
Total	$ 2.39	$ 3.39	$ 2.21	$ 4.16	$ 1.33	$ 1.60
Per Guest						
Food	$ 1.29	$ 1.66	$ 1.45	$ 1.86	$ .65	$ 1.14
Beverages	.40	.62	.28	.81	.24	.29
Total	$ 1.75	$ 2.93	$ 1.83	$ 2.67	$ .80	$ 1.43
Beverage Sales—By Facility						
Amount Per Available Room						
Dining Room	$ 797	$1045	$ 628	$1005	$ 833	$ 943
Room Service	149	200	100	282	80	51
Banquet	478	433	191	1050	191	55
Bar/Lounge	1117	1401	734	2503	1772	866
Total	$2484	$2765	$1619	$3260	$2652	$1039
Ratio to Total Beverage Sales						
Dining Room	29.7%	39.1%	38.8%	20.6%	22.5%	36.8%
Room Service	5.6	7.0	5.6	6.2	3.4	3.9
Banquet	19.1	18.0	10.4	21.5	8.7	5.6
Bar/Lounge	45.6	39.9	44.4	49.2	61.8	56.9
Ratio to Food Sales						
Dining Room	20.9%	32.0%	22.3%	26.0%	11.4%	28.6%
Room Service	29.0	41.7	22.9	33.0	28.2	17.4
Banquet	34.7	56.7	20.4	40.8	53.1	20.2
Total (including bar/lounge)	43.1%	53.7%	32.8%	56.2%	39.1%	38.8%
Amount Per Seat						
Dining Room	$ 998	$ 867	$ 587	$ 936	$ 383	$1042
Banquet	224	287	84	313	143	309
Bar/Lounge	2564	2403	1849	2329	2075	2433
Total	$822	$1088	$473	$1042	$679	$343

Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
				Canada	Mexico	United States	
$ 2.46	$ 2.04	$ 1.23	$ 3.63	$ 1.59	$ 1.15	$ 1.22	$ 2.19
.64	.52	.30	.92	.55	.37	.42	.55
$ 3.05	$ 2.37	$ 1.21	$ 4.44	$ 2.24	$ 1.53	$ 1.62	$ 2.80
$ 1.77	$ 1.53	$ .69	$ 3.00	$ 1.23	$ .61	$ .88	$ 1.48
.53	.44	.16	.66	.54	.21	.33	.43
$ 2.13	$ 1.89	$ .65	$ 3.60	$ 1.78	$ .98	$ 1.19	$ 1.99
$ 883	$ 900	$1168	$ 888	$ 719	$ 733	$ 397	$ 927
177	160	104	241	155	121	101	179
656	388	349	182	572	447	447	708
1110	1608	641	1297	1631	1724	859	1147
$2667	$2936	$2588	$1499	$3057	$2579	$1941	$2790
33.1%	30.5%	51.3%	47.5%	19.5%	24.0%	19.8%	30.0%
6.4	4.7	3.6	9.1	4.5	4.6	5.1	5.1
22.3	11.3	16.0	8.4	18.1	17.0	24.5	22.9
38.4	48.6	36.6	39.2	61.6	65.5	47.7	39.7
21.9%	16.9%	16.3%	27.2%	22.7%	22.8%	15.8%	23.7%
27.7	22.7	25.8	31.5	32.0	35.7	29.0	31.3
51.1	28.1	23.3	19.5	41.5	38.6	25.3	47.4
45.0%	40.0%	32.1%	23.0%	65.4%	64.7%	39.0%	54.3%
$1288	$ 964	$1509	$ 952	$1054	$ 899	$ 611	$1008
405	384	210	110	222	145	151	248
2984	3560	4526	3060	2407	1941	2289	3581
$1125	$1486	$1162	$ 878	$ 760	$ 590	$ 473	$ 758

Exhibit 23
Food and Beverage Statistics*—By Selected Criteria

	Size of Hotel			
	Under 150 Rooms	150–299 Rooms	300–600 Rooms	Over 600 Rooms
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$4148	$3713	$3500	$2918
Room Service	477	496	480	430
Banquet	765	1273	1394	1772
Bar/Lounge	244	128	130	117
Total	$5399	$5540	$5591	$5384
Ratio to Total Food Sales				
Dining Room	78.8%	67.9%	64.2%	54.9%
Room Service	8.4	8.5	8.9	7.8
Banquet	15.0	23.7	25.1	34.1
Bar/Lounge	4.0	2.1	2.2	2.0
Amount Per Seat				
Dining Room	$3384	$4118	$4412	$4806
Banquet	421	710	605	645
Bar/Lounge	313	219	227	416
Total	$1746	$1692	$1546	$1546
Average Check				
Dining Room	$ 9.28	$ 6.65	$ 5.31	$ 4.82
Room Service	5.19	4.23	4.19	4.64
Banquet	8.86	8.99	8.71	9.26
Total	$11.63	$ 6.44	$ 5.76	$ 5.89
Covers Served Per Seat				
Dining Room	467	649	786	911
Banquet	45	88	76	84

*All figures are medians and do not necessarily add to totals shown.

Location		Restaurant Operated Total Food and Beverage Sales Ratio to Room Sales			
City	Resort	Under 50%	50–74%	75–99%	100% & Over
$3538	$4250	$2422	$3178	$4045	$5110
456	563	524	442	458	506
1425	1058	552	1361	1441	2192
121	213	99	92	130	202
$5368	$6521	$3664	$4926	$6020	$7406
63.6%	74.6%	65.3%	64.5%	65.4%	66.2%
8.3	8.3	11.9	9.1	8.0	6.3
25.2	16.7	16.8	26.4	24.3	26.2
2.1	3.0	2.5	2.0	2.1	2.6
$4280	$3470	$5191	$4204	$3753	$4242
668	498	621	645	681	668
239	239	428	191	210	332
$1625	$1490	$1874	$1563	$1443	$2105
$ 5.94	$ 5.45	$ 5.20	$ 5.46	$ 5.71	$ 6.85
4.47	3.12	5.77	4.72	4.26	3.99
8.67	9.65	8.73	9.51	8.25	8.68
$ 6.35	$ 6.00	$ 5.89	$ 6.22	$ 5.62	$ 7.33
731	625	860	737	988	732
84	55	70	73	91	97

(Continued on next page)

Exhibit 23 (continued)

	Size of Hotel			
	Under 150 Rooms	150–299 Rooms	300–600 Rooms	Over 600 Rooms
Room Service Sales				
Per Occupied Room				
Food	$ 1.63	$ 1.97	$ 1.79	$ 1.66
Beverages	.52	.59	.48	.65
Total	$ 3.35	$ 2.39	$ 2.34	$ 2.37
Per Guest				
Food	$ 1.29	$ 1.34	$ 2.05	$ 1.21
Beverages	.50	.40	1.30	.52
Total	$ 2.39	$ 1.63	$ 1.66	$ 1.79
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 910	$ 727	$ 841	$ 671
Room Service	159	159	135	166
Banquet	279	482	491	594
Bar/Lounge	1395	1137	1127	836
Total	$2255	$2425	$2637	$2523
Ratio to Total Beverage Sales				
Dining Room	34.5%	29.1%	29.7%	27.6%
Room Service	3.1	5.4	4.8	7.0
Banquet	14.6	17.2	19.1	24.0
Bar/Lounge	59.3	48.1	43.0	39.6
Ratio to Food Sales				
Dining Room	20.0%	19.6%	22.8%	19.9%
Room Service	27.8	27.9	28.0	38.6
Banquet	43.9	35.2	36.2	29.3
Total (including Bar/Lounge)	40.1%	44.2%	43.7%	42.4%
Amount Per Seat				
Dining Room	$ 656	$ 892	$1089	$1054
Banquet	141	251	216	249
Bar/Lounge	2029	2577	2893	2807
Total	$ 632	$ 908	$ 890	$ 766

Location		Restaurant Operated Total Food and Beverage Sales Ratio to Room Sales			
City	Resort	Under 50%	50–74%	75–99%	100% & Over
$ 1.70	$ 2.06	$ 1.49	$ 1.55	$ 1.79	$ 2.03
.56	.45	.47	.56	.54	.55
$ 2.37	$ 2.49	$ 1.93	$ 2.37	$ 2.36	$ 2.72
$ 1.30	$ 1.19	$ 1.22	$ 1.13	$ 1.31	$ 1.39
.41	.29	.36	.42	.37	.35
$ 1.80	$ 1.48	$ 1.48	$ 1.69	$ 1.78	$ 1.84
$ 790	$ 803	$ 366	$ 691	$ 895	$1181
158	127	136	159	152	136
493	313	205	440	596	730
1096	1209	637	988	1246	1641
$2528	$2264	$1255	$2371	$2795	$3341
28.9%	32.2%	22.7%	28.9%	33.2%	28.9%
5.9	4.3	9.1	6.5	5.1	3.7
20.0	15.0	11.8	20.8	20.0	20.0
44.0	52.5	52.4	45.5	41.3	48.3
21.9%	15.7%	15.7%	20.7%	23.5%	22.4%
29.0	27.8	24.8	32.2	29.1	26.9
34.7	34.6	29.2	34.7	34.6	38.8
44.9%	37.7%	38.8%	43.5%	44.2%	44.4%
$1047	$ 555	$1160	$ 930	$ 964	$ 914
251	158	218	207	253	230
2707	2000	2984	3042	2412	2514
$ 877	$ 682	$ 877	$ 828	$ 758	$ 901

(Continued from page 49)

The combination of cash payroll and cost of sales (sometimes referred to as "prime cost") is a frequently used measurement in restaurant operations. The upper limit of these costs is generally set at 65 percent of food and beverage sales for a profitable operation; however, it varies considerably as a result of many factors. Comparison of the total for the various regions with the similar ratios from the 1978 study is shown in Exhibit 24. The average for all hotels was 60.4 percent, up more than 4 percent from 1979. Decreases were reported by five of the

Exhibit 24
Restaurant Operations—Cost of Sales and Cash Payroll—By Region

	Cost of Sales and Cash Payroll*		Increase (Decrease)
	1979	1978	
Africa	55.1%	52.9%	4.2%
Asia	52.6	48.7	8.0
Australasia	73.7	69.7	5.7
Caribbean	62.5	63.2	(1.1)
Central America	55.0	51.4	7.0
Europe	65.2	65.3	(.2)
Far East	53.2	56.2	(5.3)
Hawaii & Pacific Islands	57.0	55.6	2.5
Middle East	53.1	48.3	9.9
North America			
Canada	69.3	67.4	2.8
Mexico	45.1	45.4	(.7)
United States	62.3	58.6	6.3
South America	47.4	52.1	(9.0)
All Hotels	60.7%	58.0%	4.7

*Before deducting service charges.

regions with all of the remaining regions reporting sharp increases. Two regions, Australasia and Europe, had exceptionally high prime costs while Mexico and South America had the lowest.

Payroll and related expenses

An analysis of the available information on staffing levels and employee productivity is shown in Exhibit 25. The medians and quartiles were developed from data provided by hotels reporting the number of employees in the departments listed, and in each case they represent full-time equivalents, that is, the number of hours worked has been divided by the standard work hours to obtain the number of employees in each position.

Employee productivity has been expressed in terms of departmental sales per employee and total sales per employee. These medians and quartiles can be used as additional tests of staffing levels and are especially valuable when unusual circumstances distort the composition of sales.

Exhibit 25
Staffing Levels and Employee Productivity—All Hotels*

	Number of Employees Per 100 Available Rooms			Number of Employees Per 100 Occupied Rooms		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Staffing Levels (Full-Time Equivalent Employees)						
Rooms	18.7	26.2	35.0	26.8	37.2	48.1
Food & Beverage	29.5	42.6	63.8	40.2	61.0	94.1
Telephone	1.4	2.1	3.0	2.0	2.8	4.3
Minor Departments	1.0	2.5	5.2	1.4	3.6	7.3
Administrative & General	5.2	9.5	14.7	7.4	12.6	22.4
Marketing—Sales	1.0	1.3	1.8	1.2	1.8	2.5
Marketing—Other	.4	.7	1.0	.5	.9	1.8
Property Operation & Maintenance	2.9	6.2	11.0	4.0	8.5	16.9
Personnel	.6	1.2	2.0	.8	1.8	3.2
House Laundry	2.4	4.3	6.5	3.3	5.9	9.1
Other	.4	.8	1.8	.6	1.0	2.2
Total Employment (Full-Time Equivalent Employees)	61.5	90.1	134.3	84.0	128.3	184.9
Employee Productivity—Sales Per Full-Time Employee						
Rooms	$25,134	$42,614	$65,826			
Food & Beverage	13,709	20,753	30,045			
Telephone	17,632	40,999	65,819			
Minor Departments	10,097	24,614	46,720			
Total Sales Per Employee	$15,666	$25,000	$37,675			

*Based on those supplying data. All figures are quartiles or medians and do not necessarily add to totals shown.

Exhibit 26 represents information on payroll, employee benefits and employment statistics for the major regions. The productivity index (total sales divided by net payroll and related expenses), when compared with the preceding year, declined by more than 10 percent in 1979 (surpassing by a wide margin the 3.5 percent decrease in 1978) for all the

Exhibit 26
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Payroll & Related Expenses						
Cash Payroll	$ 6034	$ 3695	$ 1043	$11,783	$ 2095	$ 2248
Net Payroll & Related Expenses**	7883	4844	1282	13,382	3041	2977
Employee Benefits—Ratio to Cash Payroll	35.8%	59.4%	33.3%	21.3%	45.2%	46.0%
Cost Per Employee						
Cash Payroll	$ 6034	$ 3695	$ 1042	$11,782	$ 2094	$ 2248
Net Payroll & Related Expenses**	7882	4844	1282	13,381	3040	2976
Employment Statistics						
Sales Per Employee						
Rooms	$42,614	$36,925	$16,422	$62,321	$39,635	$23,083
Food & Beverage	20,754	19,454	7816	28,285	14,849	9296
Telephone	40,999	43,662	16,249	76,882	13,811	20,175
Minor Departments	24,614	16,815	10,042	105,630	9365	6822
Total Sales Per Employee	$25,000	$20,117	$ 8200	$34,379	$15,268	$11,712
Productivity Index						
1979	2.699	3.594	5.056	2.607	2.982	3.440
1978	3.020	3.376	5.028	2.966	2.714	3.123
Number of Full-Time Equivalent Employees Per 100 Available Rooms						
Rooms	26.2	27.3	47.1	18.8	28.6	27.9
Food & Beverage	42.6	54.7	82.2	36.9	58.1	41.7
Telephone	2.1	2.2	4.3	1.5	3.1	2.2
Minor Departments	2.5	4.2	5.3	2.3	6.4	4.0
Administrative & General	9.5	15.3	21.2	10.1	14.1	14.0
Marketing—Sales	1.3	.6	2.1	1.4	2.7	.9
Marketing—Other	.7	.4	1.0	.7	.6	1.0
Property Operation & Maintenance	6.2	14.1	19.4	4.3	14.6	7.7
Personnel	1.2	2.2	2.4	1.1	1.6	1.0
House Laundry	4.3	5.7	7.8	1.5	5.9	2.9
Other	.8	5.6	.6	—	—	1.5
Total	90.1	125.0	187.8	72.8	145.9	92.9

*Based on those supplying data. All figures are medians and do not necessarily add to totals shown.
**After credit for service charges.

hotels. The number of regions experiencing a decline in productivity (8 out of 13) overshadowed some sharp gains achieved in Central America, the Caribbean and Canada. The largest drop in the index was slightly more than 16 percent in Europe followed by 15 percent in the Far East and ranged from 13 to 14 percent in Hawaii and the Pacific

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$ 9270	$ 3253	$ 9505	$ 3649	$ 8750	$ 3132	$ 1077	$ 2951
12,286	3294	10,650	6199	10,355	4294	14,118	4534
35.2%	37.7%	39.8%	71.5%	17.6%	39.1%	33.4%	88.2%
$ 9270	$ 3252	$ 9504	$ 3649	$ 8749	$ 3132	$10,777	$ 2951
12,285	3293	10,649	6198	10,354	4293	14,117	4534
$60,698	$30,416	$56,270	$49,675	$40,250	$30,121	$71,602	$34,424
29,613	15,802	24,928	18,738	20,165	17,814	32,178	21,625
71,887	51,430	46,916	59,778	29,785	12,645	48,077	32,398
42,013	28,767	21,582	24,634	15,165	7,482	38,883	24,924
$35,275	$19,827	$29,411	$21,818	$25,227	$18,578	$37,841	$17,769
2.388	4.811	2.722	3.239	2.440	4.101	2.431	3.119
2.855	5.647	3.162	3.321	2.633	3.779	2.788	3.149
22.6	35.4	23.3	26.6	21.4	26.8	15.2	33.2
34.8	60.0	47.7	49.7	36.7	39.6	24.3	59.4
1.8	2.0	1.3	2.7	1.5	2.4	1.2	3.7
1.4	3.9	.9	2.8	1.0	7.2	.8	3.0
6.8	10.5	6.1	11.8	5.1	11.0	4.1	14.2
1.1	1.7	1.2	.8	1.6	1.0	1.3	1.5
.4	.9	.9	.8	—	4.5	.6	.6
3.4	7.0	8.1	9.6	3.1	8.4	2.7	11.0
.9	1.2	.6	2.9	.8	1.1	.4	2.0
3.3	6.6	3.3	4.3	2.6	2.3	1.9	6.5
.5	.8	.3	2.4	.9	1.2	1.8	.9
75.7	125.0	93.5	112.4	68.0	89.0	58.4	133.8

Islands, and the United States.

A comparison of departmental payroll and related expenses per occupied room per day at various levels of occupancy is shown in Exhibit 27. It is apparent from this table that departmental payrolls are relatively fixed and do not fluctuate according to occupancy levels. Although the properties with the lowest occupancies had the highest expense per occupied room per day and properties with the highest occupancies had the lowest, there was not a significant difference between the occupancy

Exhibit 27
Payroll and Related Expenses
Per Occupied Room Per Day*

	Room Occupancy				
	Under 50%	50-59%	60-69%	70-79%	80% & Over
Rooms	$ 5.81	$ 6.85	$ 7.01	$ 7.23	$ 5.70
Food & Beverage	11.81	9.35	12.81	12.44	9.04
Telephone	.50	.44	.51	.51	.49
Minor Departments	1.04	.73	.46	.46	.44
Administrative & General	5.45	3.36	3.44	3.56	3.12
Marketing	.57	.67	.86	.86	.51
Property Operation & Maintenance	3.14	1.93	1.79	1.77	1.50
Personnel	.38	.35	.41	.34	.21
House Laundry	.91	.66	.78	.78	.64
Other	.43	.14	.12	.13	.07
Total	$29.85	$22.78	$26.97	$27.72	$21.13

*Based on those supplying data. All figures are medians.

groups of 60-69 percent and 70-79 percent and the highest level of occupancy.

Other expenses

In the rooms department, commissions (including travel agents) show an obvious upward trend in relation to increasing occupancy levels. Most of the other departmental expenses, per occupied room per day, remained relatively constant and did not fluctuate according to changes in occupancy as shown in Exhibit 28.

Exhibit 28
Rooms Department Expenses
Per Occupied Room Per Day*

	Room Occupancy				
	Under 50%	50-59%	60-69%	70-79%	80% & Over
Payroll & Related Expenses	$ 5.81	$ 6.85	$ 7.01	$ 7.23	$ 5.70
Commissions (including Travel Agents)	.16	.23	.36	.36	.59
Contract Cleaning	.09	.17	.14	.16	.10
Linen	.26	.39	.34	.38	.39
Laundry & Dry Cleaning	.71	.70	.85	.78	.69
Operating Supplies	.80	.56	.68	.68	.66
Other Operating Expenses	.46	.43	.34	.40	.43
Reservation Expense	.11	.23	.17	.26	.25
Uniforms	.09	.05	.07	.07	.08
Total	$ 9.45	$10.25	$10.51	$10.44	$ 9.13

*Based on those supplying data. All figures are medians.

Undistributed operating expenses

An analysis of the undistributed operating expenses for the regions is presented in Exhibit 29 on three bases: cost per available room, ratio to room sales and ratio to total sales. Comparison using a

Exhibit 29
Analysis of Undistributed Operating Expenses*

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Administrative & General						
Cost Per Available Room						
Payroll & Related Expenses	$ 892	$1181	$ 631	$ 655	$1440	$ 953
Other	1125	1741	918	941	1624	847
Total	$2158	$2937	$1630	$1494	$3154	$1756
Ratio To:						
Room Sales	20.0%	28.6%	20.8%	15.6%	23.9%	27.0%
Total Sales—1979	10.4	14.2	9.5	6.8	10.7	14.1
Total Sales—1978	10.6	14.6	8.7	6.4	10.7	12.3
Increase (Decrease)	(1.9)%	(2.7)%	9.2%	6.3%	—	14.6%
Marketing						
Cost Per Available Room						
Payroll & Related Expenses	$ 180	$ 106	$ 67	$ 241	$ 148	$ 83
Other	539	462	328	736	1710	332
Total	$ 703	$ 517	$ 428	$ 358	$1802	$ 335
Ratio To:						
Room Sales	6.6%	4.1%	5.3%	4.0%	12.4%	8.1%
Total Sales—1979	3.4	2.2	2.4	2.1	5.3	4.1
Total Sales—1978	3.4	2.5	2.9	1.4	4.4	3.8
Increase (Decrease)	—	(12.0)%	(17.2)%	50.0%	20.5%	7.9%
Energy Costs						
Cost Per Available Room	$ 812	$1651	$1044	$ 743	$1197	$1143
Ratio To:						
Room Sales	7.4%	14.0%	11.5%	7.8%	7.7%	15.2%
Total Sales—1979	3.9	6.3	6.3	2.9	4.7	7.5
Total Sales—1978	3.9	5.5	6.1	2.8	6.0	13.0
Increase (Decrease)	—	14.5%	3.3%	3.6%	(21.7)%	(42.3)%
Property Operation & Maintenance						
Cost Per Available Room						
Payroll & Related Expenses	$ 455	$ 635	$ 321	$ 202	$ 914	$ 241
Other	653	735	641	894	942	325
Total	$1148	$1460	$ 968	$ 925	$2133	$ 644
Ratio To:						
Room Sales	10.6%	11.7%	12.8%	9.1%	18.3%	12.9%
Total Sales—1979	5.5	7.0	6.2	4.4	8.1	6.4
Total Sales—1978	5.6	7.4	5.3	3.7	7.6	5.5
Increase (Decrease)	(1.8)%	(5.4)%	17.0%	18.9%	6.6%	16.4%

*All figures are medians and do not necessarily add to totals shown.

fixed base, such as number of rooms, is useful when determining actual increases or decreases in comparative amounts spent while basing the amounts on room sales and total sales gives an indication of the extent to which higher prices offset rising costs. The median ratios to total sales for each

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$1107	$ 724	$ 893	$1315	$ 718	$ 700	$ 808	$1338
1108	1755	1981	1446	855	1243	1181	1265
$2478	$2623	$3237	$3061	$1739	$1973	$1964	$2381
18.9%	18.2%	21.2%	24.6%	18.9%	24.4%	18.5%	21.7%
10.0	8.1	12.3	12.2	8.7	11.9	10.7	10.9
10.5	7.9	12.1	12.2	9.5	12.9	10.6	11.2
(4.8)%	2.5%	1.7%	—	(8.4)%	(7.8)%	.9%	(2.7)%
$ 181	$ 174	$ 179	$ 131	$ 219	$ 101	$ 258	$ 193
514	590	571	621	527	650	519	681
$ 677	$ 714	$ 772	$ 719	$ 707	$ 735	$ 777	$ 834
6.0%	6.0%	6.0%	5.0%	7.5%	8.4%	7.4%	7.4%
3.0	3.3	2.8	2.3	3.6	4.5	4.4	3.4
2.5	3.4	3.2	2.1	4.1	4.9	4.4	3.9
20.0%	(2.9)%	(12.5)%	9.5%	(12.2)%	(8.2)%	—	(12.8)%
$ 878	$1000	$ 901	$ 741	$ 514	$ 505	$ 780	$ 908
7.2%	7.5%	4.7%	5.0%	6.1%	5.8%	7.3%	8.0%
3.8	4.1	2.9	2.6	2.8	2.8	4.2	3.7
3.4	4.2	3.0	3.9	3.4	3.2	4.3	4.4
11.8%	(2.4)%	(3.3)%	(33.3)%	(17.6)%	(12.5)%	(2.3)%	(15.9)%
$ 430	$ 366	$ 744	$ 618	$ 407	$ 355	$ 494	$ 579
733	845	659	769	538	551	511	97
$1227	$1217	$1348	$1811	$ 870	$ 862	$1092	$213
9.5%	10.7%	9.7%	11.7%	10.5%	12.8%	9.4%	13.6%
5.2	4.7	5.8	5.6	5.2	6.3	5.3	6.2
5.2	4.5	5.0	7.7	5.6	6.6	5.3	5.6
—	4.4%	16.0%	(27.3)%	(7.1)%	(4.5)%	—	10.7%

expense for 1979 are shown together with the percentage variance. Administrative and general expenses and property operation and maintenance dropped only slightly in 1979 as a ratio to total sales while marketing expenses and energy costs remained fairly stable.

Exhibit 30 is an illustration of how hotels dealing with different types of clientele allocate marketing expenses. For all hotels, print advertising was the primary method of marketing the property with a significant portion being allocated to travel and entertainment and public relations. City hotels allocated substantially more of their marketing dollar to payroll and print advertising than did the resort properties. The resort properties tended to put more emphasis on travel and entertainment and

Exhibit 30
How The Marketing Dollar Was Spent*—
By Selected Criteria

	Mean, All Hotels	By Location		By Market		Hotels Reporting	
		City	Resort	Predominantly Tourist	Other	Net Income	Loss
Payroll & Related Expenses							
Sales	20.1%	21.0%	14.9%	21.0%	15.6%	19.6%	19.2%
Other	1.3	1.2	2.2	1.9	1.5	1.5	1.1
Sales							
Travel & Entertainment	9.1	8.4	12.9	10.0	11.7	9.4	8.9
Other	5.0	4.7	6.4	4.3	3.5	4.9	4.9
Advertising							
Print	22.8	23.2	20.5	20.7	23.7	23.4	23.2
Radio & TV	2.7	2.9	1.5	3.0	1.9	2.7	2.2
Outdoor	3.1	3.0	3.9	3.0	2.8	2.9	5.5
Other	5.4	5.5	5.0	4.3	2.7	5.4	4.1
Merchandising	2.8	2.9	2.4	3.4	3.6	2.8	3.2
Public Relations & Publicity	7.7	7.9	6.6	6.9	3.6	7.6	8.5
Research	.5	.6	.3	.7	1.2	.5	.5
Fees & Commissions							
Franchise Fees	7.6	7.1	10.2	7.9	10.6	7.2	7.6
Other	1.6	1.6	1.6	1.8	2.5	1.7	1.4
All Other Selling & Promotion Expenses	10.3	10.0	11.6	11.1	15.1	10.4	9.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Marketing Cost Index	$24.24	$24.53	$22.30	$27.11	$23.62	$21.87	$18.33

*Based on those supplying data. All ratios are based on arithmetic mean.

chain identification (more than 10 percent of the marketing dollar went to franchise fees).

Also shown are the ratios for hotels reporting net income and those reporting losses, which show very little difference in the proportion of the dollar spent on any particular expense. A more significant analysis is the comparison of the variance in the marketing cost index (total sales divided by total marketing cost plus the cost of travel agents' commissions and reservation expenses recorded in the rooms department). Those hotels reporting net income spent 7.8 percent more on marketing (see Exhibit 10) but generated nearly 20 percent more revenue for each dollar expended.

In Exhibit 31, the quartile and median amounts per available room and ratios to room sales and to total

Exhibit 31
Management Fees—All Hotels*

	Lower Quartile	Median	Upper Quartile
Amount Per Room	$269	$568	$919
Ratio to Room Sales	3.0%	5.7%	8.6%
Ratio to Total Sales	1.6%	3.0%	4.8%

*Based on those supplying data—63 percent of all hotels.

sales are shown for management fees for all hotels reporting data. Nearly 63 percent of the sample provided such information. There was tremendous variability in the data supplied by this group with the upper quartile exceeding the lower quartile by nearly 250 percent on an amount per room basis. This illustrates the complexity and diversity of arrangements for management of hotels around the world.

The energy costs per occupied room per day for the various regions and for the sample broken down by age, size and occupancy are shown in Exhibits 32 and 33.

In 1979, energy costs per occupied room per day for all hotels rose nearly 18 percent over 1978. Only

Exhibit 32
Energy Costs Per Occupied Room Per Day*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Fuel	$ .65	$1.06	$ .50	$ .50	$ .96	$ .53
Electricity	1.78	3.49	3.10	1.74	3.78	3.58
Water	.35	1.12	.29	.35	.59	.38
Steam	.55	—	.38	—	—	.16
Credit for Sale of Energy	(.12)	(.54)	(.31)	(.21)	(.80)	—
Net Energy Cost—1979	$3.18	$5.40	$3.69	$2.53	$5.01	$4.56
Net Energy Cost—1978	$2.70	$4.26	$3.21	$2.11	$5.27	$5.38
Increase (Decrease)	17.8%	26.8%	15.0%	19.9%	(4.9)%	15.2%

*All figures are medians and do not necessarily add to totals shown.

Exhibit 33
Energy Costs Per Occupied Room Per Day*—By Selected Criteria

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940–1959	1960–1969	1970s	Under 150 Rooms	150–299 Rooms
Fuel	$1.27	$ .50	$ .68	$ .60	$1.03	$ .75
Electricity	1.56	1.40	1.77	1.90	1.91	1.76
Water	.30	.37	.33	.38	.41	.36
Steam	1.55	.71	.49	.46	.18	.33
Credit for Sale of Energy	(.09)	(.15)	(.20)	(.10)	(.17)	(.18)
Net Energy Cost—1979	$3.68	$2.89	$3.06	$3.21	$2.23	$3.27
Net Energy Cost—1978	$2.97	$2.31	$2.77	$2.65	$2.38	$2.83
Increase (Decrease)	23.9%	25.1%	10.5%	21.1%	(6.3)%	15.5%

*All figures are medians and do not necessarily add to totals shown.

four regions reported a decrease in energy costs—the Caribbean, Central America, Canada and Mexico. The two latter regions have the advantage of a large supply of domestic energy sources, which allow for lower costs to local users. Africa experienced the sharpest increase in energy costs during the year reaching $5.40 per occupied room per day, an increase of 26.8 percent, the highest incurred by any region. There was wide variability in this expense when analyzed by age, size and occupancy, but with very few recognizable patterns in the total energy costs. The newer properties tended to have a much larger portion of their energy derived from electricity than the older properties, which relied more on traditional fuel supplies. Overall, the prop-

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$1.20	$ .45	$ .53	$ .63	$ .39	$ .25	$ .66	$ .34
1.70	2.80	1.75	1.87	1.10	1.03	1.77	2.01
.48	.23	.20	.50	.21	.45	.22	.55
.85	.13	.20	.10	1.02	.14	1.91	.15
(.26)	(.17)	(.12)	(.08)	(.13)	--	(.04)	(.10)
$3.48	$3.18	$3.10	$3.06	$1.84	$1.95	$3.05	$3.23
$2.95	$2.93	$2.54	$2.64	$2.02	$1.97	$2.77	$3.09
18.0%	8.5%	22.0%	15.9%	(8.9)%	(1.0)%	10.1%	4.5%

Size of Hotel		Occupancy				
300-600 Rooms	Over 600 Rooms	Under 50%	50-59%	60-69%	70-79%	80% & Over
$ .50	$ .59	$1.10	$1.02	$ .84	$ .80	$ .48
1.70	1.88	2.22	1.61	1.98	1.73	1.65
.32	.31	.75	.24	.39	.32	.30
1.01	1.10	.14	.54	1.19	.71	.30
(.87)	(.18)	(.18)	(.17)	(.50)	(.17)	(.07)
$2.91	$3.24	$5.03	$3.06	$3.65	$3.23	$2.44
$2.64	$3.05	$3.66	$2.78	$3.13	$2.61	$2.27
10.2%	6.2%	37.4%	10.1%	16.6%	23.8%	7.5%

erties in the highest occupancy level achieved the lowest cost per occupied room per day.

A breakdown of how the maintenance dollar was spent by the various age groups is shown in Exhibit 34. Payroll and related expenses exhibited a very clear tendency to decline in newer properties. Payroll and related expenses absorbed more than 45 percent of the property operation and maintenance

Exhibit 34
How the Property Operation and Maintenance Dollar Was Spent*—By Age of Hotel

	Mean, All Hotels	Built Age of Hotel			
		Built Pre-1940	1940–1959	1960–1969	1970s
Payroll & Related Expenses	40.8%	45.9%	43.3%	40.1%	39.1%
Building	10.2	10.8	13.1	11.6	9.0
Electrical & Mechanical Equipment	15.8	10.5	14.8	16.6	16.6
Furniture	4.6	2.4	3.1	5.4	5.0
Grounds & Landscaping	2.4	1.4	2.2	2.0	2.9
Operating Supplies	4.6	3.9	4.9	4.7	4.7
Painting & Decorating	6.3	11.8	5.9	6.1	5.4
Removal of Waste Matter	2.0	2.6	2.1	1.6	2.1
All Other Expenses	13.3	10.7	10.6	11.9	15.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Exhibit 35
Method of Payment For Hotel Services*— By Region

	Cash	Credit Card	Travel Agent & Tour Operator	All Other Credit
Africa	36.6%	12.4%	24.4%	26.6%
Asia	32.1	20.6	21.1	26.2
Australasia	30.0	23.7	12.0	34.3
Caribbean	23.6	23.8	47.6	5.0
Central America	30.7	26.3	23.8	19.2
Europe	33.7	26.7	15.8	23.7
Far East	34.6	23.9	15.2	26.3
Hawaii & Pacific Islands	34.4	16.6	33.4	15.6
Middle East	38.0	14.1	9.3	38.6
North America				
Canada	36.6	39.0	7.8	16.6
Mexico	34.4	37.2	17.7	10.7
United States	28.9	52.2	7.2	11.7
South America	40.8	30.0	11.5	17.7
All Hotels—1979	33.9%	28.3%	15.9%	21.9%
All Hotels—1978	35.2%	24.8%	17.6%	22.4%

*Based on arithmetic mean.

dollar in establishments built prior to 1940, and accounted for slightly less than 40 percent in newer properties. The newer properties also tended to spend less on painting and decorating but more on electrical and mechanical equipment, furniture and other expenses.

Credit and collection data

Continuing a trend noted in 1978 in which a smaller percentage of guest accounts were settled in cash, only 33.9 percent of the guests paid in cash in 1979, while more than 28 percent used credit cards, a sharp jump over the previous year. Payments received from travel agents and tour operators also dropped again in 1979, decreasing by nearly 11 percent. The detail is shown by region in Exhibit 35.

Credit card usage varies considerably by region and by type of hotel, as shown in Exhibits 36 and 37. They are used much more widely in North America and South America but less in Africa, the Middle East and Hawaii and the Pacific Islands. Overall, credit card commissions as an amount per occupied room rose 16.8 percent in 1979, but remained fairly constant at 0.9 percent of total sales. Credit card settlement was more common in the larger properties and in hotels with high occupancy levels.

Exhibit 36
Credit Card Commission—Annual Cost Per Occupied Room*—By Region

	Annual Cost Per Occupied Room	Ratio To Total Sales
Africa	$125	.4%
Asia	140	.6
Australasia	241	.7
Caribbean	240	.8
Central America	101	.6
Europe	286	.8
Far East	336	1.0
Hawaii & Pacific Islands	177	.5
Middle East	161	.5
North America		
Canada	262	1.0
Mexico	311	1.3
United States	287	1.2
South America	336	1.1
Median—All Hotels	$262	.9%

*All figures are medians.

Exhibit 37
Credit Card Commission—Annual Cost Per Occupied Room*—By Selected Criteria

	Annual Cost Per Occupied Room	Ratio To Total Sales
Age		
Built Pre-1940	$256	.8%
1940–1959	229	1.0
1960–1969	278	1.0
1970s	268	.9
Size		
Under 150 Rooms	205	.8
150–299	220	.8
300–600	281	1.0
Over 600	325	1.1
Rate**		
Group I	136	.7
Group 2	242	.9
Group 3	328	.9
Group 4	571	1.1
Occupancy		
Under 50%	153	.6
50–59%	205	.8
60–69%	243	.9
70–79%	277	1.0
80% & Over	287	1.0
Location		
City	275	.9
Resort	212	.7
Market		
Predominantly Tourist	284	.9
Other	183	.8
Rating		
Luxury	278	1.0
First Class	223	.8
Food and Beverage Sales—Ratio To Room Sales		
Under 50%	288	1.2
50–74%	261	.9
75–99%	242	.9
100% & Over	276	.8
Median, All Establishments	$262	.9%

*All figures are medians.
**In $U.S. See page 24.

Fixed charges

Exhibit 38 shows a comparison by region of the median amounts per available room and ratios to total sales of fixed charges, which include rent, property taxes, insurance on buildings and contents, interest and depreciation. The amount per available room of total fixed charges increased only slightly

Exhibit 38
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales—By Region

	Median, All Hotels	Africa	Asia	Australasia	Caribbean
Amount Per Room					
Rent—Land	$ 266	$ 323	$ 112	*	*
Rent—Other	889	520	242	$1726	$1273
Property Taxes	410	433	125	186	173
Insurance on Buildings & Contents	78	176	69	105	182
Interest Expense	607	108	620	33	318
Depreciation & Amortization	762	628	698	322	423
Total Fixed Charges	$2703	$2734	$1369	$1480	$2071
Ratio To Total Sales—1979	13.8%	16.7%	8.1%	8.9%	9.3%
Ratio To Total Sales—1978	15.2	15.2	9.6	14.4	16.3
Increase (Decrease)	(9.2)%	9.9%	(15.6)%	(38.2)%	(42.9)%

*Insufficient data.

Exhibit 39
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales—By Selected Criteria

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940-1959	1960-1969	1970s	Under 150 Rooms	150-299 Rooms
Amount Per Room						
Rent—Land	*	$ 344	$ 565	$ 253	$ 168	$ 266
Rent—Other	$ 399	699	779	1243	599	861
Property Taxes	627	268	405	332	120	334
Insurance on Buildings & Contents	89	54	72	87	103	67
Interest Expense	464	551	374	865	573	675
Depreciation & Amortization	909	734	632	772	576	691
Total Fixed Charges	$2261	$2235	$2508	$3005	$2269	$2663
Ratio To Total Sales—1979	11.0%	11.8%	11.9%	16.8%	11.9%	14.1%
Ratio To Total Sales—1978	11.2	14.0	16.4	16.7	13.1	13.5
Increase (Decrease)	(1.8)%	(15.7)%	(27.4)%	.6%	(9.2)%	4.4%

*Insufficient data.

during 1979. However, because of the rapid increase in sales, fixed charges declined by more than 9 percent as a ratio to total sales. Australasia, the Caribbean and Central America reduced fixed charges drastically while the Far East experienced a substantial jump in fixed charges.

Exhibit 39 shows the median amounts per available room and ratios to total sales of fixed charges

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
•	$ 112	$ 912	•	•	$ 266	$ 193	$ 299	•
$1326	1191	349	$1020	$4431	319	1548	770	$2735
•	524	245	489	193	835	116	468	413
•	121	76	33	107	46	104	52	98
•	726	735	754	27	1530	458	706	370
176	876	1034	998	721	733	409	871	1048
$2354	$2984	$2635	$2923	$1349	$3336	$2396	$2650	$3731
14.7%	14.1%	13.6	10.4%	6.6%	17.8%	16.2%	15.2%	18.5%
20.5	14.0	8.5	16.4	6.1	20.0	17.5	16.4	16.7
(28.3)%	.7%	60.0%	(36.6)%	8.2%	(11.0)%	(7.4)%	(7.3)%	(10.8)%

Size of Hotel		Location		Market		Rating	
300–600 Rooms	Over 600 Rooms	City	Resort	Predominantly Tourist	Other	Luxury	First Class
$ 402	$ 200	$ 298	$ 193	$ 297	$ 136	$ 330	$ 217
1125	564	1074	730	1982	792	1107	610
468	605	419	272	410	157	410	409
96	66	78	79	98	70	70	93
461	810	608	606	592	536	525	876
883	951	737	883	813	595	851	601
$3172	$3509	$2798	$2032	$3284	$2071	$2754	$2648
13.7%	15.4%	15.2%	9.4%	15.5%	11.6%	13.7%	14.1%
16.4	16.4	15.4	14.1	15.8	15.9	15.7	14.0
(16.5)%	(6.1)%	(1.3)%	(33.3)%	(1.9)%	(27.0)%	(12.7)%	.7%

for the sample broken down by age, size and other criteria. As expected, fixed charges are lower for the smaller and older properties than for the larger and newer ones. This enables the operators of such properties to compete more effectively in pricing rooms because of the increased flexibility stemming from the variable expenses. With a larger portion of total expenses being fixed, the newer properties require a much longer period to cover these costs.

Exhibit 40
Balance Sheet Statistics—Liquidity Ratios*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Current Position:						
Ratio of Current Assets To Current Liabilities	$ 1.54	$ 1.34	$ 1.86	$ 1.52	$ 1.85	$1.89
Accounts Receivable:						
Amount Per Room	$1516	$2237	$2018	$1945	$1833	$ 691
Ratio To Total Sales	7.0%	13.1%	10.7%	7.5%	5.8%	6.8%
Food Inventory						
Amount Per Room	$ 98	$ 209	$ 109	$ 130	$ 340	$ 71
Annual Turnover	23.4	14.2	21.8	19.3	10.4	34.8
Beverage Inventory						
Amount Per Room	$ 126	$ 170	$ 166	$ 328	$ 295	$ 60
Annual Turnover	5.3	4.0	4.4	4.3	2.6	9.0
Operating Supplies Inventory						
Amount Per Room	$ 230	$ 810	$ 574	$ 244	$ 658	$ 191

*All figures are medians.

Balance sheet statistics

The typical liquidity ratios, those used to measure the extent to which a company can cover current obligations, are listed in Exhibit 40 for the entire group and by region. Liquidity improved considerably in 1979 for those hotels providing this information. The current position or ratio of current assets to current liabilities increased from $1.11 in 1978 to $1.54 in 1979. Accounts receivable dropped as a

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$ 1.45	$ 1.40	$ 1.40	$ 1.84	$ 1.32	$ 1.74	$1.60	$ 1.26
$1893	$2173	$1768	$2848	$714	$1098	$ 982	$2249
7.9%	7.7%	5.3%	9.1%	3.6%	6.3%	5.2%	9.5%
$ 80	$ 194	$ 130	$ 370	$ 91	$ 74	$ 67	$ 133
27.8	22.5	22.1	10.3	25.1	17.5	30.1	18.7
$ 133	$ 148	$ 112	$ 124	$ 193	$ 130	$ 48	$ 249
4.9	7.3	4.2	4.6	6.0	3.2	8.5	3.5
$ 182	$ 290	$ 404	$1170	$127	$ 148	$ 131	$ 446

ratio to total sales but increased as an amount per available room. Turnover of the food and beverage inventory improved as it declined as an amount per available room.

Exhibit 41 contains a pro forma balance sheet expressed in U.S. dollars per available room showing also the ratios of those amounts to total assets and to total sales. This information can be helpful in

Exhibit 41
Pro Forma Balance Sheet—All Hotels*

Assets	Amount Per Room	Ratio To Total Assets	Ratio To Total Sales
Current Assets			
Cash on Hand & in Banks	$ 1863	9.4%	8.1%
Accounts Receivable — Net	2226	11.3	9.7
Inventories	685	3.5	3.0
Prepaid Expenses & Other	497	2.5	2.1
Total Current Assets	$ 5271	26.7%	22.9%
Fixed Assets			
Land	$ 2030	10.2%	8.8%
Building	9853	49.9	42.9
Furniture & Fixtures	3712	18.8	16.2
Operating Equipment	578	2.9	2.5
Total	$16,173	82.0%	70.4%
Less Accumulated Depreciation	4437	22.5	19.3
Net Book Value	11,736	59.5%	51.1%
Other Assets	2724	13.8	11.8
Total Assets	$19,731	100.0%	85.8%
Liabilities & Equity			
Current Liabilities			
Accounts Payable	$ 1516	7.7%	6.6%
Accrued Liabilities	1691	8.6	7.4
Other Current Liabilities	929	4.7	4.0
Current Portion of Long-Term Debt	415	2.1	1.8
Total	$ 4551	23.1%	19.8%
Long-Term Debt	6120	31.0	26.6
Other Liabilities (including Amounts Due Affiliates)	2279	11.5	9.9
Total Liabilities	$12,950	65.6%	56.3%
Equity (including Intercompany Net Worth)	6781	34.4	29.5
Total Liabilities & Equity	$19,731	100.0%	85.8%

*Based on those supplying data. All figures are medians.

budgeting, since the impact on the balance sheet of projected revenue and expenses is frequently not considered.

The analysis of the data provided concerning the value of fixed assets per available room is shown in Exhibit 42, broken down for wholly-owned properties and those in which part of the fixed assets are leased. The average age of the properties reporting is 10 to 15 years so the amounts do not reflect current construction costs. However, the relationships can be considered typical (that is, the ratio of the value of land to total fixed assets) so that the figures can be used for comparison. The average rent per available room and ratios to total sales are also shown based on those hotels supplying the detail.

Summary

Exhibits 43 to 46 (pages 76-87) contain the median amounts per available room and ratios to total sales for the regions and for the sample analyzed by age, size and various other criteria. Exhibit 47 (pages 88-99) displays the medians and quartiles of selected performance and financial measurements by region.

An increase in demand for lodging facilities combined with only modest increases in capacity enabled the industry to grow both in terms of occupancy and room rates. The occupancy rate reached 75 percent during the year, an increase of nearly 3 percent and the sharpest increase recorded in several years. The average daily room rate also rose substantially, increasing 16 percent to $39.20. The combination of these two factors pushed up total revenue considerably, making 1979 a good year for the industry. As the economy in a number of regions, particularly in the industrialized countries, slows due to recessionary pressures, growth over the short term will be nonexistent or demand may actually decrease. Apparently, fewer Americans are traveling abroad in the first part of 1980; in several countries there has been an increase in domestic travel as high prices encourage people to take vacations closer to home. The outlook for the remainder of 1980 and probably the first part of 1981 is for general economic conditions to remain relatively flat. Assuming there are no major upheavals or interruptions in the supply of gasoline, the latter portion of 1981 and beyond should show signs of improvement. ■

Exhibit 42
Cost of Fixed Assets*—All Hotels

	Wholly Owned	Land Only Leased	Land & Building Leased
Land	$ 4143	—	—
Building & Improvements	15,410	$18,065	$9360**
Furniture, Fixtures & Improvements	6754	8156	6078
Operating Equipment	1194	263	694
Total	$27,501	$26,484	$16,132
Rent			
Per Available Room		$ 1991	$ 4205
Ratio To Total Sales		7.4%	10.6%

*Based on arithmetic means of those supplying data.
**Leasehold improvements.

Exhibit 43
Statement of Income and Expenses—Median Amounts Per Available Room*

	All Hotels	Africa	Asia	Australasia	Caribbean
Rooms					
Sales	$10,419	$10,377	$7170	$9676	$12,263
Departmental Expenses					
Payroll & Related Expenses	1704	1246	655	2380	1397
Other	861	600	807	1025	2254
Total	2578	1750	1411	3497	3575
Departmental Income	7749	8626	5980	6835	7185
Food & Beverage					
Sales					
Food	5489	5760	4487	6369	7599
Beverage	2484	2765	1619	3260	2652
Total	8129	8357	6438	9239	10,330
Cost of Sales					
Food	1930	2260	1718	2159	3074
Beverage	604	923	518	1155	700
Total	2571	3169	2179	3095	3826
Gross Profit	5513	5097	3992	6144	6308
Public Room Sales	143	171	5[illegible]	126	6
Other Income	123	153	15[illegible]	284	435
Gross Profit & Other Income	5793	5189	4246	6166	6826
Departmental Expenses					
Payroll & Related Expenses	2899	2141	1364	3589	3570
Other	822	1013	800	763	1749
Total	3765	3340	2109	4427	5906
Departmental Income	1823	2297	2230	1827	495
Telephone Departmental Income	(12)	65	12	(163)	(96)
Net Income From Minor Operated Departments	105	283	247	165	77
Rentals & Other Income	345	323	575	189	784
Gross Income	10,062	11,861	9220	8290	9174
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related Expenses	892	1181	631	655	1439
Other	1125	1741	918	941	1624
Total	2158	2937	1630	1493	3154
Marketing	703	517	428	358	1802
Energy Costs	812	1651	1044	743	1197
Property Operation & Maintenance	1148	1460	968	925	2133
Total Undistributed Expenses	5135	6478	4308	3246	8147
Income Before Fixed Charges	5358	5560	5387	4990	134
Property Taxes & Insurance	488	609	194	292	355
Income Before Interest & Depreciation	$ 3564	$ 3202	$4928	$3392	$ 387

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
$6492	$11,933	$13,917	$16,319	$11,539	$9317	$8397	$9837	$11,891
726	2249	1024	2772	1268	1822	1030	1757	1205
667	964	1244	2621	1016	766	810	778	1000
1354	3308	2318	5228	2360	2581	1964	2481	2516
5067	8501	11,281	10,660	9615	6320	6383	7389	10,016
3078	6300	8194	8184	6922	5026	4178	4928	5234
1039	2667	2936	2588	1499	3057	2579	1941	2790
4120	9109	10,391	11,069	9094	8544	6604	6823	7721
869	2014	3143	2954	2232	1838	1337	1696	1806
238	729	775	563	325	1011	483	408	594
1075	2748	3965	3571	2631	2830	1859	2087	2336
2779	6114	6302	7497	6353	5672	4615	4873	5578
169	205	108	24	61	195	149	139	83
29	159	144	47	298	127	354	50	209
2958	6362	6379	7717	6603	5866	5021	5001	5990
1038	3708	2279	4234	2908	3634	1670	2898	2559
530	586	1186	1109	1120	1024	979	752	1108
1583	4331	4019	5289	4160	4505	2793	3651	3689
1121	1846	3561	2312	2216	1372	2199	1242	2228
6	105	5	(219)	236	(131)	69	(151)	8
107	96	378	24	213	25	154	17	237
116	327	485	860	429	221	492	178	467
6776	10,909	16,558	13,882	13,018	8525	10,146	9240	12,810
953	1107	724	893	1315	718	700	808	1338
847	1108	1755	1981	1446	855	1243	1181	1265
1750	2478	2623	3236	3031	1738	1973	1964	2381
335	677	714	772	719	707	735	777	834
1143	878	1000	901	741	514	504	780	908
644	1227	1217	1348	1811	870	862	1092	1602
4120	5467	5556	6716	6162	3938	4080	4577	6022
3150	5713	8642	6633	6174	4026	5030	4895	6707
678	645	320	522	300	882	220	520	512
$ 910	$ 4288	$ 7734	$ 5387	$ 4035	$2399	$2712	$3177	$ 4321

Exhibit 44
Ratio To Total Sales*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	All Hotels	Africa	Asia	Australasia	Caribbean
Rooms					
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses					
Payroll & Related Expenses	15.9	10.2	8.0	21.4	13.1
Other	8.0	6.8	9.5	8.8	19.8
Total	24.7	17.8	17.6	30.8	31.6
Departmental Income	75.4	82.2	82.4	69.2	68.4
Ratio to Total Sales	39.1	38.5	38.0	30.0	29.9
Food & Beverage					
Sales					
Food	69.9	65.1	75.3	64.0	71.9
Beverage	30.1	35.0	24.7	36.0	28.1
Total	100.0	100.0	100.0	100.0	100.0
Cost of Sales					
Food	34.9	39.1	38.1	32.8	41.0
Beverage	23.9	29.3	30.7	33.9	26.2
Total	32.0	37.8	35.5	33.5	37.8
Gross Profit	68.0	62.2	64.5	66.5	62.2
Public Room Sales	1.8	2.1	.9	1.0	.1
Other Income	1.4	1.3	2.0	2.2	3.9
Gross Profit & Other Income	70.3	64.0	66.8	67.2	66.6
Departmental Expenses					
Payroll & Related Expenses	37.1	27.8	19.8	38.4	33.6
Other	10.6	11.1	13.4	7.0	20.7
Total	47.6	38.7	34.3	46.4	58.8
Departmental Income	22.4	21.7	31.6	20.7	5.3
Ratio to Total Sales	9.0	9.2	12.0	9.3	2.4
Telephone Departmental Profit	(.1)	.3	.1	(1.0)	(.5)
Net Income From Minor Operated Departments	.5	1.6	1.3	.8	.6
Rentals & Other Income	1.5	1.5	3.4	.7	2.6
Gross Income	51.7	54.2	57.1	43.7	35.5
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related Expenses	4.3	5.9	3.6	3.0	4.9
Other	5.8	7.6	5.9	4.0	6.4
Total	10.4	14.2	9.5	6.8	10.8
Marketing	3.4	2.2	2.4	2.1	5.3
Energy Costs	3.9	6.3	6.3	2.9	4.7
Property Operation & Maintenance	5.5	7.0	6.2	4.4	8.1
Total Undistributed Expenses	24.2	31.6	25.3	15.6	30.3
Income Before Fixed Charges	26.7	21.8	33.0	26.1	10.1
Property Taxes & Insurance	2.4	2.8	1.1	1.4	1.3
Income Before Interest & Depreciation	18.1%	19.8%	27.0%	15.1%	2.4%

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N—Negligible amount.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
11.2	19.1	9.5	16.6	11.9	20.4	11.7	16.9	12.3
7.0	7.5	10.2	14.3	7.7	8.8	10.2	7.4	7.9
18.4	27.8	18.5	31.1	18.5	29.1	23.3	24.6	19.7
81.6	72.2	81.5	68.9	81.5	70.9	76.8	75.4	80.3
41.4	38.1	41.9	37.6	39.7	32.8	38.8	42.8	40.8
72.0	69.0	71.4	75.7	81.8	60.5	60.7	72.0	65.6
28.0	31.0	28.6	24.3	18.7	39.5	39.3	28.0	35.2
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
37.5	35.0	36.4	32.4	34.8	35.7	32.3	33.3	34.8
26.3	26.1	22.9	22.3	22.9	28.8	19.3	21.6	22.3
34.7	33.0	32.4	30.3	32.0	33.4	27.6	30.1	30.1
65.3	67.0	67.6	69.8	68.0	66.6	72.4	70.0	69.9
3.9	2.2	.8	.2	.8	2.2	1.3	2.3	1.2
.7	1.5	1.5	.6	2.5	1.6	5.2	.8	2.4
66.4	69.9	69.1	70.5	70.1	69.8	75.1	72.2	73.2
29.1	41.9	20.8	36.8	30.9	41.0	24.4	41.1	32.1
13.2	6.9	12.7	11.8	13.5	10.7	15.6	11.1	14.6
39.3	50.0	35.7	47.4	45.7	50.6	40.7	53.3	46.2
27.2	21.1	35.3	24.4	26.9	19.3	37.6	18.4	27.6
8.6	8.1	12.7	9.7	10.5	8.1	15.0	6.7	10.0
.1	.5	N	(.6)	.7	(.6)	.4	(.8)	.1
.9	.4	1.5	.1	1.0	.1	.9	.1	1.3
1.3	1.3	2.3	2.5	2.1	1.1	2.8	1.1	1.9
49.4	49.0	58.4	50.7	56.7	43.0	57.1	50.8	54.3
6.2	4.3	2.7	3.8	4.9	3.9	4.3	4.4	5.3
6.1	4.8	5.2	8.4	5.8	5.0	7.7	6.3	5.4
14.1	10.0	8.1	12.3	12.2	8.7	11.9	10.7	10.9
4.1	3.0	3.3	2.8	2.3	3.6	4.5	4.4	3.4
7.5	3.8	4.1	2.9	2.6	2.8	2.8	4.2	3.7
6.4	5.2	4.7	5.8	5.6	5.2	6.3	5.3	6.2
33.1	22.6	22.2	23.8	24.1	21.0	27.6	25.5	25.3
16.2	25.6	38.5	27.9	33.6	23.8	31.1	26.5	30.2
5.7	2.7	1.1	1.7	1.7	4.4	1.4	2.9	1.7
5.2%	17.1%	29.4%	22.9%	18.5%	15.5%	20.2%	18.1%	13.7%

Exhibit 45
Statement of Income and Expenses—Median Amounts Per Available Room*

	Age of Hotel				Size of Hotel	
	Pre-1940	1940-1959	1960-1969	1970s	Under 150 Rooms	150-299 Rooms
Rooms						
Sales	$10,224	$8835	$11,476	$10,471	$8002	$9813
Departmental Expenses						
Payroll & Related Expenses	1833	1555	1667	1694	1694	1613
Other	1030	826	933	810	696	776
Total	3099	2386	2527	2568	2412	2425
Departmental Income	7053	6660	8612	7690	5763	7381
Food & Beverage						
Sales						
Food	6002	4618	6364	5293	5399	5440
Beverage	2582	1678	2476	2531	2255	2425
Total	8687	6555	8544	8129	7577	8027
Cost of Sales						
Food	2108	1566	2136	1866	1885	1962
Beverage	676	365	613	613	678	611
Total	2728	1968	2755	2517	2512	2566
Gross Profit	5795	4473	5745	5512	5173	5329
Public Room Sales	203	132	182	129	107	140
Other Income	97	80	150	121	215	106
Gross Profit & Other Income	5992	4630	5974	7786	5312	5610
Departmental Expenses						
Payroll & Related Expenses	3642	2567	2983	3989	2940	2860
Other	832	749	857	785	621	722
Total	4346	3297	3950	3702	3589	3637
Departmental Income	1361	1546	2126	1822	1709	1735
Telephone Departmental Income	(68)	(97)	(37)	(23)	(20)	(10)
Net Income From Minor Operated Departments	71	101	117	116	36	106
Rentals & Other Income	364	317	385	304	202	291
Gross Income	9468	8188	11,600	10,099	8188	9543
Undistributed Operating Expenses						
Administrative & General						
Payroll & Related Expenses	1113	745	973	813	781	861
Other	1111	894	1239	1162	933	1052
Total	2584	1742	2192	2084	1848	2068
Marketing	723	588	657	758	436	607
Energy Costs	859	673	786	831	823	807
Property Operation & Maintenance	1306	1141	1355	1040	929	1020
Total Undistributed Expenses	5476	4483	5375	5037	4575	4744
Income Before Fixed Charges	4185	3689	6146	5364	3946	5012
Property Taxes & Insurance	716	322	477	479	375	411
Income Before Interest & Depreciation	$ 2446	$2268	$ 4388	$ 3658	$2876	$3177

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N—Negligible amount.

Size of Hotel		Room Occupancy					Room Rate			
300–600 Rooms	Over 600 Rooms	Under 50%	50–59%	60–69%	70–79%	80% & Over	Under $30.00	$30.00–$44.99	$45.00–$60.00	Over $60.00
$12,285	$12,422	$5471	$7278	$9120	$10,984	$13,282	$6444	$9632	$14,111	$20,356
1865	1650	955	1334	1650	1968	1772	927	1634	2024	2977
1018	928	469	679	766	895	1081	584	800	1105	1557
2940	2663	1514	2088	2423	2879	2863	1538	2462	3154	4703
9214	9549	4039	5101	6773	7928	10,203	4524	6983	10,565	16,211
5591	5381	3875	4559	5366	6004	6160	3857	5099	6692	9253
2637	2523	1325	1466	2435	2694	2727	1537	2178	3003	4277
8651	8154	6260	5964	7759	9003	9204	5818	7456	9711	13,803
1977	1799	1398	1495	1866	2076	2138	1552	1763	2395	3254
612	542	392	380	597	650	679	440	534	696	1006
2668	2409	1895	1884	2408	2739	2827	1965	2251	3220	4279
5942	5489	3765	3997	5250	5947	6097	3846	5192	6680	9200
143	157	38	85	128	169	169	76	141	191	185
143	122	47	41	106	100	226	113	79	148	299
6247	5845	3789	4102	5371	6247	6304	3910	5312	7094	10,016
3039	2943	1903	1834	2991	3403	2863	1435	2754	3545	5602
969	872	544	549	747	882	975	667	723	988	1521
4194	3839	2429	2655	3727	4431	3864	2201	3489	4550	7263
1914	2195	1268	1036	1706	1868	2301	1609	1591	2298	2860
(36)	(81)	(57)	(19)	(23)	N	(4)	39	(25)	12	236
101	192	279	27	90	82	168	77	90	111	325
392	459	176	211	251	353	420	199	253	356	589
11,530	12,430	5662	6615	8699	10,442	13,239	6355	9023	13,675	20,917
1005	776	750	713	830	941	985	577	807	1028	1637
1312	1204	856	847	1000	1215	1372	794	1006	1449	2116
2407	2098	1803	1480	1903	2291	2421	1346	1937	2656	3719
822	784	430	540	690	784	729	332	677	859	1197
780	855	680	631	856	841	782	596	786	908	1081
1347	1324	848	891	1046	1162	1352	794	1016	1419	2158
5617	5370	3610	3928	4712	5370	5537	3304	4605	6221	8550
6179	6631	1299	2934	4385	5427	7925	3253	4625	7614	11,197
564	671	371	339	363	522	552	235	428	624	1104
$4159	$4745	$1047	$2160	$2488	$4127	$5540	$2341	$2916	$5555	$8512

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Exhibit 45 (continued)*

	Restaurant Operated Total Food & Beverage Sales			
	Under 50% Room Sales	50–74% Room Sales	75–99% Room Sales	100% & Over Room Sales
Rooms				
Sales	$12,940	$11,605	$10,017	$8397
Departmental Expenses				
Payroll & Related Expenses	2034	1808	1586	1628
Other	928	895	842	803
Total	3137	2696	2407	2482
Departmental Income	9430	9089	7392	5763
Food & Beverage				
Sales				
Food	3664	4926	6020	7406
Beverage	1253	2371	2795	3341
Total	5034	7378	8730	11,024
Cost of Sales				
Food	1219	1737	2053	2713
Beverage	304	540	659	982
Total	1556	2276	2795	3820
Gross Profit	3436	5053	5936	7311
Public Room Sales	113	155	146	147
Other Income	40	95	153	235
Gross Profit & Other Income	3560	5213	6159	7352
Departmental Expenses				
Payroll & Related Expenses	2448	2720	3000	3815
Other	451	764	887	1013
Total	2975	3637	3958	4904
Departmental Income	599	1682	2148	2463
Telephone Departmental Income	(25)	(5)	2	(11)
Net Income From Minor Operated Departments	33	89	122	121
Rentals & Other Income	218	361	374	340
Gross Income	10,442	11,076	10,146	8938
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	836	881	873	1002
Other	1039	1249	1218	1002
Total	2291	2179	2135	2098
Marketing	547	734	776	653
Energy Costs	662	787	875	878
Property Operation & Maintenance	1097	1222	1158	1123
Total Undistributed Expenses	4734	5021	5195	5239
Income Before Fixed Charges	6074	5631	5528	3914
Property Taxes & Insurance	608	432	474	460
Income Before Interest & Depreciation	$ 4305	$ 4535	$ 3531	$2579

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.

Location		Market		Rating	
City	Resort	Predominantly Tourist	Other	Luxury	First Class
$10,638	$9244	$11,064	$8567	$11,528	$9685
1740	1429	1748	1150	1655	1742
839	1022	874	959	952	761
2594	2425	2628	2018	2625	2520
7918	6924	8162	6366	8558	6972
5368	6522	5704	5119	5726	4982
2528	2264	2771	2113	2637	2360
8037	8278	8726	7228	8411	7221
1885	2055	2037	1751	2001	1788
613	548	724	483	595	615
2547	2811	2843	2228	2720	2380
5512	5683	5900	4956	5866	4915
152	80	154	93	143	144
114	128	166	195	136	98
5756	5971	6167	5021	6160	4921
2924	25[illegible]	2946	1979	3001	2651
801	925	895	856	912	610
3761	3765	3916	2980	4036	3321
1753	2078	1904	1970	1860	1707
(5)	(59)	43	(52)	(67)	41
108	76	164	111	113	133
335	374	353	349	358	277
10,186	9768	10,963	8770	11,043	8994
885	1022	894	800	941	729
1111	1322	1191	953	1214	946
2095	2484	2183	1937	2291	1917
701	729	780	516	777	535
805	832	905	719	836	774
1135	1343	1162	1073	1312	940
5073	5623	5125	4425	5439	4407
5458	4784	5562	4486	5753	4981
497	352	508	227	480	503
$3610	$3441	$3654	$3066	$4344	$2911

Exhibit 46
Ratios to Total Sales*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940-1959	1960-1969	1970s	Under 150 Rooms	150-299 Rooms
Rooms						
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses						
Payroll & Related Expenses	18.3	17.4	14.8	15.4	18.3	15.7
Other	9.2	9.0	8.1	7.7	7.9	7.7
Total	29.5	26.3	23.5	24.5	27.2	24.5
Departmental Income	70.5	73.7	76.5	75.5	72.8	75.8
Ratio to Total Sales	35.7	40.1	39.8	39.3	34.9	39.3
Food & Beverage						
Sales						
Food	71.1	74.0	71.1	68.1	71.4	69.4
Beverage	29.1	26.0	28.9	31.9	28.6	30.6
Total	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales						
Food	33.8	34.7	35.0	35.0	35.9	35.5
Beverage	25.7	22.2	23.7	24.1	27.9	24.8
Total	32.2	30.8	32.2	32.1	34.9	33.4
Gross Profit	67.8	69.3	67.8	67.9	65.1	66.6
Public Room Sales	2.2	1.3	1.9	1.7	1.1	1.9
Other Income	1.4	1.0	1.4	1.6	1.6	1.1
Gross Profit & Other Income	69.8	71.6	70.3	70.3	67.2	69.7
Departmental Expenses						
Payroll & Related Expenses	41.9	40.7	36.9	36.0	32.6	36.6
Other	9.7	11.6	11.1	10.6	7.1	10.0
Total	50.9	49.8	47.2	46.3	43.1	46.4
Departmental Income	17.5	19.0	23.3	23.4	23.4	21.9
Ratio to Total Sales	7.1	7.6	9.1	9.3	10.6	8.8
Telephone Departmental Profit	(.4)	(.6)	(.2)	.2	.1	.1
Net Income From Minor Operated Departments	.2	.5	.5	.6	.2	.5
Rentals & Other Income	1.8	1.5	1.7	1.3	1.2	1.3
Gross Income	45.4	49.1	52.8	52.4	47.2	51.8
Undistributed Operating Expenses						
Administrative & General						
Payroll & Related Expenses	5.2	4.6	4.3	4.1	4.8	4.4
Other	5.4	5.7	5.8	5.9	6.0	6.0
Total	11.8	10.8	10.1	10.3	11.3	10.9
Marketing	2.9	3.5	3.1	3.6	2.2	3.3
Energy Costs	4.1	4.0	3.6	4.0	4.1	4.3
Property Operation & Maintenance	6.1	7.0	5.9	4.9	6.0	5.4
Total Undistributed Expenses	25.0	27.5	23.5	23.6	25.6	24.5
Income Before Fixed Charges	19.6	24.0	28.1	28.2	23.4	26.3
Property Taxes & Insurance	3.1	2.3	2.0	2.4	2.5	2.2
Income Before Interest & Depreciation	15.3%	15.6%	19.1%	19.6%	16.7%	17.6%

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N—Negligible amount.

Size of Hotel		Room Occupancy					Room Rate			
300-600 Rooms	Over 600 Rooms	Under 50%	50-59%	60-69%	70-79%	80% & Over	Under $30.00	$30.00-$44.99	$45.00-$60.00	Over $60.00
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
15.8	15.1	16.0	19.7	18.0	16.5	13.0	14.3	17.4	15.4	14.0
8.4	8.4	8.1	9.5	8.2	8.0	7.7	9.0	8.3	7.8	7.4
24.3	24.5	28.0	29.7	26.4	25.2	21.4	25.9	25.8	23.7	21.9
75.7	75.5	72.0	70.3	73.7	74.9	78.6	74.1	74.2	76.3	78.1
39.6	39.8	34.1	37.1	36.5	38.6	41.9	35.0	38.6	40.4	41.9
69.6	70.2	71.8	72.5	69.3	70.2	69.8	71.3	70.4	69.4	69.2
30.4	29.8	30.0	27.5	30.7	29.9	30.4	28.7	29.6	30.6	31.3
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
34.6	33.3	36.4	34.5	34.8	35.1	34.8	36.4	33.9	35.0	35.2
22.7	21.0	26.3	25.3	23.8	23.9	23.6	27.5	23.8	22.9	21.9
31.3	29.9	34.9	32.0	32.0	32.2	31.7	34.2	31.4	31.3	31.9
68.7	70.2	65.1	68.0	68.0	67.8	68.3	65.8	68.6	68.7	68.1
1.7	2.0	1.0	1.9	1.5	2.2	1.9	1.3	1.9	2.0	1.6
1.6	1.5	1.2	.9	1.3	1.4	1.9	1.9	1.0	1.5	2.0
71.9	72.4	67.9	69.9	70.0	70.2	70.9	67.7	70.8	71.3	72.0
38.2	39.1	32.1	38.8	39.6	39.1	34.2	28.0	38.3	37.7	42.9
11.6	11.4	10.7	10.2	9.6	10.9	11.2	12.1	9.8	10.8	11.2
50.0	49.4	43.1	49.7	50.6	49.7	45.1	40.5	47.8	49.0	52.8
21.6	24.5	22.5	18.9	20.5	20.8	26.4	27.5	22.4	21.0	20.1
8.3	9.2	10.6	6.7	8.7	8.3	9.9	11.5	8.9	8.4	7.1
(.2)	(.4)	(.4)	(.2)	(.1)	N	N	(.4)	(.2)	.1	.6
.4	.8	.1	.2	.6	.4	.8	.5	.5	.5	.9
1.6	2.1	1.3	1.5	1.3	1.5	1.5	1.6	1.4	1.4	1.6
51.9	53.9	47.2	46.5	48.6	51.1	55.5	50.8	50.8	52.3	54.0
4.4	3.8	6.3	4.7	4.6	4.4	4.0	4.3	4.6	3.8	4.2
5.8	5.3	7.3	6.0	5.6	5.4	5.7	6.6	5.5	5.8	5.6
10.1	9.5	13.3	11.9	10.1	10.7	9.8	11.3	10.7	10.0	9.7
3.5	3.8	3.6	4.2	3.8	3.5	2.8	2.5	3.6	3.4	2.8
3.4	3.9	6.2	5.4	4.6	3.9	3.1	4.9	4.3	3.4	2.8
5.4	5.8	7.8	6.1	5.5	5.5	5.1	6.0	5.4	5.4	5.5
23.4	23.5	31.9	28.4	25.6	24.4	22.2	26.0	24.9	22.9	22.2
27.9	30.0	14.9	19.7	24.7	25.1	33.0	25.0	25.0	27.9	30.6
2.6	2.5	3.5	2.6	2.1	2.5	2.3	1.7	2.5	2.4	2.6
17.2%	24.8%	10.5%	11.7%	14.3%	17.8%	23.0%	16.8%	17.0%	21.0%	19.4%

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Exhibit 46 (continued)*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Restaurant Operated Total Food & Beverage Sales			
	Under 50% Room Sales	50–74% Room Sales	75–99% Room Sales	100% & Over Room Sales
Rooms				
Sales	100.0%	100.0%	100.0%	100.0%
Departmental Expenses				
Payroll & Related Expenses	14.8	15.6	14.8	19.3
Other	7.0	7.8	8.4	9.3
Total	23.0	23.4	24.5	29.6
Departmental Income	77.0	76.6	75.5	70.4
Ratio to Total Sales	50.4	42.9	37.1	28.7
Food & Beverage				
Sales				
Food	72.0	69.7	69.4	69.4
Beverage	28.0	30.3	30.6	30.7
Total	100.0	100.0	100.0	100.0
Cost of Sales				
Food	33.9	34.7	34.8	35.8
Beverage	23.8	22.6	22.9	27.4
Total	31.3	31.5	31.9	33.9
Gross Profit	68.7	68.6	68.1	66.1
Public Room Sales	2.5	1.8	1.6	1.4
Other Income	.9	1.1	1.5	2.4
Gross Profit & Other Income	71.7	71.1	70.3	69.0
Departmental Expenses				
Payroll & Related Expenses	46.6	38.4	34.8	34.1
Other	10.3	10.8	11.2	9.7
Total	57.7	49.0	44.8	44.1
Departmental Income	14.1	21.4	24.8	24.2
Ratio to Total Sales	3.2	7.5	10.6	12.5
Telephone Departmental Profit	(.2)	N	N	N
Net Income From Minor Operated Departments	.2	.5	.8	.6
Rentals & Other Income	1.2	1.6	1.7	1.4
Gross Income	58.1	53.9	51.2	43.7
Undistributed Operating Expenses				
Administrtive & General				
Payroll & Related Expenses	4.5	4.2	4.3	4.4
Other	6.1	6.1	5.9	4.8
Total	11.3	10.7	10.2	9.9
Marketing	3.2	3.5	3.6	2.9
Energy Costs	3.6	3.8	3.9	4.4
Property Operation & Maintenance	5.1	5.8	5.6	5.5
Total Undistributed Expenses	24.0	24.3	24.2	23.2
Income Before Fixed Charges	33.1	28.5	27.1	20.2
Property Taxes & Insurance	3.6	2.0	2.1	2.3
Income Before Interest & Depreciation	22.4%	20.7%	15.4%	14.3%

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N — Negligible amount.

Location		Market		Rating	
City	Resort	Predominantly Tourist	Other	Luxury	First Class
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
16.2	14.6	15.6	13.1	15.1	17.4
7.9	11.7	7.9	10.4	8.3	7.8
24.5	26.7	23.9	24.6	24.4	26.5
75.5	73.3	76.1	75.4	75.6	73.5
39.3	37.3	38.5	36.5	39.3	38.3
69.1	72.6	67.4	71.8	69.7	70.8
31.0	27.4	32.6	28.2	30.3	29.2
100.0	100.0	100.0	100.0	100.0	100.0
34.8	35.8	36.0	35.8	34.8	35.3
24.0	22.1	25.3	22.7	22.6	27.5
32.0	32.2	33.0	32.3	31.4	33.7
68.0	67.8	67.0	67.7	68.7	66.3
1.9	.9	1.8	1.3	1.7	1.9
1.3	1.9	1.6	2.7	1.5	1.0
70.6	69.9	69.5	70.0	71.6	68.7
38.2	33.9	36.2	29.1	37.5	36.5
10.4	11.9	11.0	12.3	11.6	8.1
47.8	46.4	47.7	43.1	48.9	45.2
22.3	24.1	20.9	27.3	22.1	22.9
8.7	10.2	8.4	11.7	8.7	9.6
N	(.3)	.2	(.4)	(.4)	.2
.5	.4	.9	.7	.5	.5
1.3	1.8	1.4	2.0	1.5	1.4
52.1	50.9	51.4	53.0	52.2	50.9
4.3	4.5	4.2	4.5	4.3	4.4
5.6	6.6	5.5	6.0	6.0	5.5
10.3	11.2	9.9	11.0	10.4	10.5
3.4	3.5	3.4	3.4	3.5	3.1
3.9	4.2	3.8	4.1	3.9	4.0
5.4	6.2	5.4	6.4	5.7	5.1
23.7	26.0	23.1	26.1	24.3	23.8
27.3	24.7	26.9	26.2	27.0	25.4
2.6	1.9	2.4	1.3	2.3	2.6
18.1%	18.0%	17.1%	17.8%	18.3%	17.8%

Exhibit 47
Medians, Lower & Upper Quartiles For Revenue, Expenses and Balance Sheet Items

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
General Statistics									
Percentage of Occupancy	65.9%	75.0%	84.4%	66.8%	81.7%	85.5%	66.1%	77.6%	88.2%
Percentage of Double Occupancy	21.5	36.3	55.5	11.8	22.5	45.1	19.5	34.8	58.2
Average Room Rate	$22.14	$39.39	$50.80	$29.45	$41.13	$47.28	$23.03	$29.17	$35.95
Income Before Fixed Charges									
Ratio to Room Sales	38.6%	50.1%	63.9%	34.2%	43.9%	61.3%	45.0%	68.9%	80.0%
Ratio to Total Sales	19.5%	26.7%	34.0%	18.5%	21.8%	30.1%	21.7%	33.0%	39.7%
Number of Times Average Rate Earned	94	134	183	87	135	179	132	196	238
Sales & Payroll									
Food Sales									
Ratio to Room Sales	38.9%	51.6%	68.7%	46.1%	50.6%	68.7%	50.5%	60.9%	75.6%
Beverage Sales									
Ratio to Food Sales	34.9	43.1	54.2	40.1	53.7	62.3	27.5	32.8	47.6
Telephone Sales									
Ratio to Room Sales	4.0	5.6	8.9	3.4	8.5	11.5	5.7	8.6	11.9
Ratio to Total Sales	2.1	3.0	4.4	1.5	4.2	4.9	3.0	4.0	4.7
Telephone Departmental Profit									
Ratio to Room Sales	(1.3)		1.1	(.1)	.5	1.1	(1.2)	.2	.6
Ratio to Total Sales	(.7)	(.1)	.6	(.1)	.3	.6	(.6)	.1	.3
Rentals & Other Income									
Ratio to Room Sales	1.6	2.9	5.2	2.1	3.3	4.1	3.0	6.8	10.3
Ratio to Total Sales	.8	1.5	2.6	.9	1.5	1.8	1.8	3.4	4.5
Ratio to Total Sales									
Cash Payroll	17.8	23.6	29.1	11.8	17.7	20.6	11.7	15.6	17.7
Employee Benefits	5.4	8.3	11.2	7.5	9.9	11.9	3.7	5.6	7.9
Net Payroll & Related Expenses	25.7	32.1	37.9	19.5	27.5	28.6	16.1	19.4	22.9
Rooms Department									
Ratios to Room Sales									
Payroll & Related Expenses	12.1	15.9	20.2	9.0	10.2	12.6	6.4	8.0	10.8
Commissions (including Travel Agents)	.5	1.0	2.0	.2	.7	.9	.5	1.0	2.5
Contract Cleaning	.1	.3	.7	.1	.1	.1	.1	.2	.4
Linen	.5	.9	1.4	.6	.7	1.6	.9	1.4	1.9
Laundry & Dry Cleaning	1.2	1.8	2.7	.9	1.2	1.9	.7	1.2	1.7
Operating Supplies	1.3	1.7	2.3	1.1	1.9	2.5	2.1	2.6	3.7
Other Operating Expenses	.5	.9	1.9	.3	.4	.9	.5	1.1	2.3
Reservation Expense		.5	.9	N	N	.1	N	.2	.5
Uniforms	.1	.2	.3	.1	.2	.4	.2	.2	.3
Total Expenses	20.0	24.7	30.2	13.5	17.8	20.2	14.5	17.6	22.9
Departmental Income	69.8	75.4	80.0	79.4	82.2	85.6	76.9	82.4	85.4
Ratio of Departmental Income to Total Sales	33.1	39.1	44.6	34.9	38.5	44.4	34.8	38.0	43.8

N — Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
66.4%	69.3%	75.3%	59.8%	64.7%	70.5%	47.6%	70.4%	81.5%	64.8%	72.5%	80.6%
31.3	38.5	61.5	64.0	77.4	91.4	23.5	46.5	52.0	19.0	32.0	49.2
$30.13	$38.64	$42.20	$30.21	$49.13	$55.91	$20.93	$29.00	$32.07	$36.65	$43.71	$58.14
45.1%	57.2%	64.4%	(32.7)%	2.3%	39.8%	17.9%	42.3%	46.6%	37.9%	50.5%	59.9%
18.7%	26.1%	28.3%	(13.7)%	1.1%	24.0%	10.5%	16.2%	28.4%	18.8%	25.6%	32.5%
111	143	164	(95)	3	95	32	92	116	94	128	160
52.3%	67.3%	77.5%	46.2%	67.4%	79.7%	37.0%	50.3%	55.0%	37.5%	49.8%	70.5%
41.6	56.2	59.3	33.6	39.1	43.1	30.6	38.8	41.1	35.8	45.0	53.6
4.4	6.4	7.3	3.2	4.8	6.5	8.4	12.1	13.7	4.5	6.9	9.8
1.9	3.0	3.4	1.5	2.5	2.7	4.7	5.6	6.5	2.2	3.7	4.8
(3.0)	(.5)	(.4)	(2.5)	(.9)	(.5)	(1.5)	.1	.6	N	.9	2.0
(1.5)	(.9)	(.2)	(1.0)	(.5)	(.2)	(.9)	.1	.3	N	.5	1.1
.7	1.6	2.0	1.5	5.3	7.1	1.0	2.5	3.5	1.3	2.4	3.8
.3	.7	1.0	.6	2.6	3.7	.6	1.3	1.7	.7	1.3	1.9
28.0	33.9	35.8	17.0	23.1	27.3	14.7	18.9	21.3	23.0	25.8	30.3
1.6	6.8	7.3	3.0	12.0	13.3	4.7	8.7	9.3	5.5	8.7	13.4
33.0	38.6	40.5	24.9	36.4	36.8	23.0	25.8	27.1	29.8	34.1	39.3
19.9	21.4	25.4	8.7	13.1	15.1	7.7	11.2	12.7	15.0	19.1	24.7
1.0	1.4	2.1	4.2	8.0	11.0	.1	.6	1.5	.5	1.0	1.8
.1	.3	.4	N	.1	.1	.1	.3	.4	.2	.5	1.0
.4	1.8	1.9	.5	1.4	1.7	.3	.9	1.2	.3	.6	1.1
1.5	2.1	3.6	1.4	1.9	3.5	.9	2.1	2.3	1.7	2.9	4.6
2.0	2.4	2.5	1.4	1.9	3.6	2.0	2.9	3.5	1.0	1.4	1.8
.6	.8	1.5	.6	1.1	4.5	.4	1.9	4.3	.6	1.3	2.3
N	.2	.3	(.1)	2.5	2.6	—	—	—	.2	.4	.6
.1	.1	.1	.1	.2	.4	.1	.2	.2	.1	.2	.2
28.1	30.8	34.7	27.6	31.6	36.6	14.0	18.4	28.1	22.8	27.8	35.1
63.9	69.2	70.9	56.9	68.4	72.1	69.0	81.6	82.8	64.8	72.2	77.1
27.5	30.0	36.9	24.1	29.9	35.5	31.3	41.4	43.0	30.2	38.1	43.1

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Exhibit 47 (continued)

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Restaurant Department									
Food Cost Per Dollar Sale*	32.3¢	34.9¢	37.5¢	37.5¢	39.1¢	44.1¢	34.8¢	38.1¢	44.3¢
Beverage Cost Per Dollar Sales	20.7¢	23.9¢	29.9¢	25.3¢	29.3¢	42.9¢	24.9¢	30.7¢	36.2¢
Ratios to Food & Beverage Sales									
Payroll & Related Expenses	29.1%	37.1%	44.5%	20.4%	27.8%	29.4%	15.4%	19.8%	23.5%
China, Glass, Silver & Linen	1.1	1.7	2.4	1.9	2.4	2.7	1.5	2.2	3.2
Contract Cleaning	.1	.3	.9	.2	.4	.4	.1	.2	.3
Kitchen Fuel	.3	.5	1.1	.3	.8	1.1	.8	1.2	1.8
Laundry & Dry Cleaning	.6	.9	1.4	.7	1.0	1.4	.4	.7	1.0
Licenses	N	.1	.3	N	.1	.1	N	.2	.6
Music & Entertainment	.9	2.0	3.8	1.9	3.1	4.1	.8	2.3	3.6
Operating Supplies	1.3	1.8	2.3	1.5	2.3	2.4	1.5	1.9	2.3
Other Operating Expenses	.4	1.0	1.7	.2	.7	1.6	.8	1.7	2.4
Uniforms	.2	.4	.6	.3	.5	.7	.3	.6	.9
All Other Expenses	.5	1.2	2.3	.1	1.5	2.0	.4	1.3	2.3
Total Expenses	40.1	47.6	55.3	28.9	38.7	44.1	27.9	34.3	37.6
Departmental Income	15.8	22.4	29.9	18.5	21.7	30.4	25.1	31.6	37.8
Ratio of Departmental Income to Room Sales	9.7	17.6	25.5	13.2	19.0	31.1	20.0	25.2	36.1
Ratio of Departmental Income to Total Sales	5.5	9.0	12.4	6.9	9.2	13.3	9.9	12.0	16.5
Administrative & General Expenses									
Ratios to Room Sales									
Payroll & Related Expenses	5.9	8.3	11.4	9.5	12.1	17.3	5.5	7.6	11.9
Bad Debts	.2	.4	.7	.4	.9	1.1	.2	.4	.9
Credit Card Commissions	1.3	1.8	2.4	.4	.7	1.3	.8	1.2	1.8
Data Processing Service	.1	.3	.6	.2	.5	.6	.1	.1	.2
Insurance—General	.3	.7	1.1	.4	1.0	1.2	.1	.3	.8
Licenses & Dues	.1	.1	.3	.1	.2	.2	N	.1	.1
Management Fees	3.0	5.7	8.6	6.1	7.8	12.8	3.6	6.6	10.8
Operating Supplies	.5	.7	1.2	.9	1.4	2.6	.5	.8	1.3
Professional Fees	.2	.5	1.0	.5	.9	1.5	.1	.4	.6
Security	.1	.4	1.1	.3	.7	1.0	.2	.6	.9
Travel & Entertainment	.2	.3	.7	.2	.5	1.1	.3	.5	1.2
All Other Expenses	.9	1.7	3.3	2.0	2.7	3.6	.9	2.5	4.0
Total Expenses	15.2	20.0	25.6	25.5	28.6	41.3	12.8	20.8	28.3
Ratios to Total Sales									
Payroll & Related Expenses	3.2	4.3	5.7	4.4	5.9	8.9	2.7	3.6	5.2
Other Expenses	4.0	5.8	7.6	4.9	7.6	1.0	3.5	5.9	7.4
Total Expenses	8.1	10.4	13.0	11.4	14.2	19.8	6.5	9.5	13.4
Cost Per Available Room	$1494	$2158	$3073	$2282	$2937	$4257	$1335	$1630	$1926

*After credit for employees' meals.
N—Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
28.8¢	32.8¢	33.5¢	35.9¢	41.0¢	43.4¢	32.3¢	37.5¢	38.1¢	32.5¢	35.0¢	37.1¢
28.7¢	3[illegible]9¢	35.4¢	20.7¢	26.2¢	30.6¢	19.3¢	26.3¢	27.3¢	21.5¢	26.1¢	36.2¢
35.2%	38.4%	48.4%	19.5%	33.6%	44.7%	25.5%	29.1%	31.5%	35.7%	41.9%	47.8%
1.1	1.6	1.7	1.7	2.8	3.2	.5	1.4	1.9	.9	1.4	1.9
.1	.3	.9	N	.1	.1	N	.4	.5	.1	.5	1.3
N	.3	.6	.8	1.3	1.7	1.5	2.4	2.5	N	.4	.9
.7	1.2	1.3	1.0	1.3	1.8	.3	.4	.9	.7	1.0	1.5
.6	.7	.8	N	.1	.1	N	.5	.9	N	.1	.1
.9	1.4	1.9	2.5	5.9	6.3	.5	1.7	3.7	.3	.9	1.6
1.1	1.5	1.9	1.5	1.8	2.3	1.5	2.0	2.9	.8	1.4	1.9
N	.8	1.4	.3	1.0	1.5	1.0	1.8	2.9	.4	.9	1.7
.2	.4	.4	.4	.5	.7	.2	.4	.4	.2	.3	.5
.4	1.0	1.9	2.2	3.8	5.2	.5	.8	1.8	.4	.9	1.8
42.1	46.4	58.1	43.9	58.8	70.7	38.3	39.3	42.7	42.3	50.0	56.7
15.6	20.7	24.5	(3.7)	5.3	10.1	14.4	27.2	[illegible]	14.7	21.1	27.3
16.7	18.8	26.7	(4.3)	5.4	10.0	7.9	17.2	20.1	8.0	15.3	24.4
7.6	9.3	12.1	(1.8)	2.4	4.5	4.9	8.6	10.4	4.5	8.1	11.2
2.9	6.8	8.3	7.0	12.0	12.4	10.0	15.9	16.5	5.7	8.6	11.9
.1	.2	.4	.3	2.2	3.2	.1	.4	.9	.1	.3	.5
1.1	1.7	1.8	1.1	1.4	2.2	.5	1.2	1.3	1.3	1.7	2.1
N	.6	.6	.1	.3	1.0	.4	.4	.4	.1	.4	.6
.6	.7	.8	.3	.8	1.0	.2	.4	.7	.4	.6	1.0
(.1)	N	N	.1	.1	.3	.1	.1	.2	.1	.3	.7
6.1	6.4	6.6	N	2.0	3.2	1.4	3.3	3.4	3.6	6.1	9.2
1.1	1.2	1.5	.5	1.1	1.6	.9	1.3	1.7	.6	.8	1.4
.1	.4	.4	.1	.4	.7	.7	.9	1.5	.2	.4	1.1
N	N	.2	.7	2.8	3.5	.3	1.0	1.5	N	.1	.3
.4	.9	1.3	.4	.8	1.3	.3	1.1	1.4	.2	.3	.6
.8	1.8	2.2	1.0	1.9	5.8	1.7	4.5	4.5	.8	1.9	3.8
10.7	15.6	17.4	19.9	23.9	28.8	[illegible]	27.0	27.3	13.5	18.9	25.1
1.6	3.0	3.6	4.0	4.9	6.1	5.3	6.2	9.4	3.0	4.3	6.3
3.1	4.0	4.2	4.1	6.4	8.3	5.3	6.1	7.1	3.1	4.8	6.7
5.1	6.8	7.8	9.6	10.7	13.0	10.1	14.1	16.9	7.0	10.0	12.8
$861	$1494	$2184	$2072	$3154	$3479	$1214	$1756	$2087	$1494	$2478	$3433

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Exhibit 47 (continued)

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Marketing									
Ratio to Room Sales	4.1%	6.6%	8.5%	3.4%	4.1%	5.5%	3.9%	6.0%	8.2%
Ratio to Total Sales	2.1	3.4	4.6	1.6	2.2	2.6	1.5	2.4	3.9
Cost Per Available Room	$442	$703	$1017	$269	$517	$841	$225	$428	$721
Energy Costs									
Ratio to Room Sales	5.2%	7.4%	10.7%	8.4%	14.0%	15.8%	8.9%	11.5%	17.6%
Ratio to Total Sales	2.8	3.9	5.3	3.6	6.3	8.6	4.3	6.3	7.6
Cost Per Available Room	$589	$812	$1102	$744	$1651	$2036	$658	$1044	$1304
Property Operation & Maintenance									
Ratio to Room Sales	7.9%	10.6%	14.4%	9.5%	11.7%	21.2%	10.1%	12.8%	15.8%
Ratio to Total Sales	4.3	5.5	7.0	4.4	7.0	9.1	5.0	6.2	7.5
Cost Per Available Room	$790	$1148	$1682	$1139	$1460	$1853	$776	$968	$1366
Current Assets									
Accounts Receivable (Net)									
Amount Per Room	$859	$1516	$2525	$1623	$2237	$5223	$1171	$2018	$3419
Ratio to Total Sales	4.8%	7.0%	9.5%	8.7%	13.0%	14.9%	8.2%	10.7%	14.9%
Annual Turnover	10	15	22	6	7	10	5	9	12
Food Inventory									
Amount Per Room	$62	$98	$174	$130	$209	$346	$76	$109	$193
Annual Turnover	16	23	33	6	14	17	11	22	25
Beverage Inventory									
Amount Per Room	$61	$126	$269	$159	$170	$313	$96	$166	$215
Annual Turnover	3	5	8	2	4	4	2	4	6
Current Position									
Current Assets for Each Dollar of Current Liabilities	$1.19	$1.54	$2.25	$1.19	$1.34	$1.58	$1.26	$1.85	$2.80

N—Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
3.5%	4.0%	7.1%	7.0%	12.4%	13.8%	3.2%	8.1%	9.8%	3.2%	6.0%	7.5%
1.4	2.1	3.0	4.7	5.3	7.2	1.4	4.1	5.2	1.6	3.0	3.9
$255	$358	$983	$942	$1802	$1831	$220	$335	$441	$403	$677	$1004
4.2%	7.8%	8.2%	6.2%	7.7%	13.2%	12.6%	15.2%	16.7%	5.0%	7.2%	10.0%
2.0	2.9	3.5	2.6	4.7	5.2	6.1	7.5	9.2	2.8	3.8	4.7
$560	$743	$785	$564	$1197	$1313	$601	$1143	$1430	$693	$878	$1105
7.3%	9.1%	11.9%	14.7%	18.3%	20.2%	4.9%	12.9%	13.4%	7.7%	9.5%	13.3%
3.3	4.4	5.0	6.8	8.1	8.5	2.8	6.4	6.7	4.1	5.2	6.5
$696	$925	$1086	$1298	$2133	$2549	$304	$644	$809	$823	$1227	$1738
$1234	$1945	$2006	$504	$1833	$2757	$610	$691	$1127	$1366	$1893	$3086
5.0%	7.5%	7.5%	2.3%	5.8%	9.7%	4.8%	6.8%	8.5%	5.4%	7.9%	9.7%
13	15	16	7	26	37	9	19	20	11	14	18
$82	$130	$132	$123	$340	$388	$25	$71	$89	$60	$80	$161
17	19	20	5	10	11	11	35	35	19	28	40
$198	$328	$329	$125	$295	$540	$40	$60	$114	$83	$133	$314
3	4	5	1	3	4	3	9	14	3	5	8
$1.26	$1.52	$1.52	$1.29	$1.85	$2.10	$1.71	$1.88	$3.36	$1.13	$1.45	$1.89

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Exhibit 47 (continued)

Medians, Lower & Upper Quartiles For Revenues, Expenses and Balance Sheet Items

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
General Statistics									
Percentage of Occupancy	78.4%	85.7%	89.4%	70.0%	92.3%	92.5%	54.7%	68.2%	83.3%
Percentage of Double Occupancy	29.1	44.8	47.7	67.6	79.8	86.7	8.0	39.8	74.8
Average Room Rate	$30.25	$43.44	$51.27	$37.20	$50.64	$55.43	$34.52	$47.55	$76.81
Income Before Fixed Charges									
Ratio to Room Sales	65.4%	72.6%	85.5%	38.5%	48.4%	51.6%	29.5%	65.1%	82.8%
Ratio to Total Sales	23.5%	38.5%	42.3%	15.3%	27.9%	29.3%	12.6%	33.6%	38.2%
Number of Times Average Rate Earned	93	133	174	82	152	170	48	148	212
Sales & Payroll									
Food Sales									
Ratio to Room Sales	34.9%	49.7%	89.8%	40.4%	55.4%	69.3%	43.7%	59.4%	72.1%
Beverage Sales									
Ratio to Food Sales	30.7	40.0	48.4	19.5	32.1	37.7	12.4	23.0	50.9
Telephone Sales									
Ratio to Room Sales	5.0	7.8	10.1	1.6	2.0	2.7	5.3	9.1	11.9
Ratio to Total Sales	2.6	3.3	4.2	.9	1.2	1.4	2.5	4.4	6.0
Telephone Departmental Profit									
Ratio to Room Sales	(.3)	.4	.5	(1.8)	(1.1)	(.8)	(.3)	1.3	2.6
Ratio to Total Sales	(.2)	N	.3	(1.1)	(.6)	(.4)	(.1)	.7	1.3
Rentals & Other Income									
Ratio to Room Sales	2.3	5.2	9.3	3.7	5.0	6.2	2.0	3.6	5.9
Ratio to Total Sales	1.2	2.3	4.7	2.1	2.5	3.9	1.1	2.1	2.8
Ratio to Total Sales									
Cash Payroll	14.9	16.6	18.1	21.2	22.3	24.8	13.4	16.6	20.8
Employee Benefits	4.1	5.7	6.8	7.8	8.9	9.5	5.3	13.9	17.1
Net Payroll & Related Expenses	14.9	16.6	21.6	29.0	31.4	35.0	19.8	30.2	37.3
Rooms Department									
Ratios to Room Sales									
Payroll & Related Expenses	6.5	9.5	11.9	14.4	16.6	18.6	6.6	11.9	14.9
Commissions (including Travel Agents)	1.0	1.9	3.5	2.1	9.7	10.2	.3	1.2	5.2
Contract Cleaning	.1	.2	.4	.1	.2	.4	N	.3	.8
Linen	.6	1.0	1.5	.7	.9	1.0	.4	.7	.9
Laundry & Dry Cleaning	1.0	1.6	1.9	1.2	2.2	2.3	.7	1.4	2.2
Operating Supplies	1.8	2.5	2.9	1.1	1.4	1.7	1.4	1.7	2.1
Other Operating Expenses	.9	1.9	2.4	.1	.4	.6	.3	.8	1.3
Reservation Expense	.1	.2	.3	.4	.5	.7	N	.1	.4
Uniforms	.2	.2	.4	.1	.1	.2	.1	.2	.7
Total Expenses	16.1	18.5	22.6	25.8	31.1	33.1	12.8	18.5	28.3
Departmental Income	75.8	81.5	83.6	65.7	68.9	73.3	71.0	81.5	86.7
Ratio of Departmental Income to Total Sales	26.3	41.9	46.1	35.2	37.6	38.3	32.7	39.7	46.6

N—Negligible amount.

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
68.5%	76.4%	85.1%	73.1%	81.4%	87.1%	65.4%	71.2%	81.1%	69.6%	82.5%	88.5%
0.0	27.8	44.3	42.3	75.0	90.0	23.8	34.6	43.2	22.1	29.8	39.1
$26.76	$32.72	$35.57	$20.89	$30.23	$39.82	$33.10	$39.90	$48.08	$34.92	$40.23	$45.09
35.7%	46.4%	55.5%	47.3%	61.2%	69.4%	34.6%	44.9%	56.0%	32.9%	57.1%	70.1%
17.2%	23.8%	26.9%	26.1%	31.1%	34.3%	19.7%	26.5%	33.7%	16.8%	30.2%	35.1%
81	126	168	136	184	206	82	117	155	104	171	227
37.3%	52.8%	64.6%	34.9%	50.2%	60.3%	35.2%	16.1%	59.8%	40.0%	46.8%	55.1%
50.5	65.4	80.8	42.9	64.7	87.1	34.7	39.0	43.6	39.4	54.3	59.1
4.2	4.9	5.7	2.0	2.9	5.2	3.9	4.6	5.3	6.2	10.6	14.2
1.9	2.4	2.8	1.0	1.5	3.1	2.3	2.6	3.1	3.1	5.0	5.8
(2.2)	(1.3)	(.8)	N	.7	1.3	(2.0)	(1.6)	(1.0)	(.4)	.1	1.1
(1.0)	(.6)	(.4)	N	.4	.6	(1.1)	(.8)	(.6)	(.2)	.1	.1
1.5	2.7	7.4	1.8	5.5	7.2	1.0	1.9	3.1	2.9	3.9	4.6
.7	1.1	3.1	.9	2.8	3.5	.6	1.1	1.7	1.4	1.9	2.4
29.0	31.2	34.5	14.5	16.1	19.0	22.6	25.7	30.0	12.4	14.7	16.7
3.4	4.9	6.3	4.3	6.1	8.3	6.3	8.8	10.2	10.5	14.0	16.5
33.6	36.2	39.5	18.8	23.1	27.1	29.7	34.2	39.3	25.5	29.8	33.3
18.7	20.4	22.1	9.2	11.7	13.8	14.2	16.9	19.5	9.7	12.3	14.2
.6	1.0	1.5	.7	1.7	3.2	.4	.6	1.0	.3	.8	1.7
.2	.6	1.0	.1	.2	.4	.1	.3	.6	.1	.4	.8
.6	.8	1.1	.8	1.5	2.2	.6	.9	1.1	1.0	1.4	1.6
1.5	2.4	2.8	1.3	1.6	2.4	1.4	1.7	2.2	.9	1.2	1.5
1.5	1.7	2.2	1.1	1.7	1.9	1.3	1.7	1.9	1.5	2.1	2.6
.7	1.2	2.5	.7	1.3	2.4	.3	.6	1.1	.6	1.0	2.0
.5	.7	1.0	.5	.7	2.0	.2	.8	1.4	N	.7	.8
.1	.1	.2	.1	.2	.3	.1	.2	.3	.2	.2	.3
26.5	29.1	32.9	20.2	23.3	25.8	21.4	24.6	26.4	16.5	19.7	22.3
62.8	70.9	73.4	73.2	76.8	79.6	73.6	75.4	78.3	75.2	80.3	83.1
28.7	32.8	36.4	35.3	38.8	43.1	37.0	42.8	48.0	35.0	40.8	43.2

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Exhibit 47 (continued)

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Restaurant Department									
Food Cost Per Dollar Sale*	31.6¢	36.4¢	39.4¢	31.2¢	32.4¢	35.9¢	31.2¢	34.8¢	36.8¢
Beverage Cost Per Dollar Sales	19.5¢	22.9¢	24.4¢	20.6¢	22.3¢	23.1¢	18.2¢	22.9¢	29.5¢
Ratios to Food & Beverage Sales									
Payroll & Related Expenses	16.6%	20.8%	24.2%	33.9%	36.8%	37.9%	25.9%	30.9%	43.4%
China, Glass, Silver & Linen	1.6	2.3	2.6	1.1	1.2	1.8	1.2	2.1	2.4
Contract Cleaning	.1	.3	.4	.1	.1	.1	.1	.3	.4
Kitchen Fuel	.9	1.2	1.5	1.2	1.6	2.0	.2	.4	.6
Laundry & Dry Cleaning	.5	.9	1.1	.5	.9	1.2	.4	.8	1.5
Licenses	.1	.1	.2	.1	.2	.2	N	N	.1
Music & Entertainment	2.1	2.8	4.0	1.1	3.2	4.3	1.9	2.9	6.5
Operating Supplies	1.5	2.7	3.1	1.2	1.9	2.0	1.9	2.4	3.2
Other Operating Expenses	.9	1.3	1.6	.2	.3	1.1	.6	1.2	2.4
Uniforms	.2	.4	.5	.2	.3	.5	.3	.5	.8
All Other Expenses	.2	.6	1.3	1.0	1.4	2.1	.2	1.2	2.4
Total Expenses	29.7	35.7	37.7	43.1	47.4	48.7	38.2	45.7	53.2
Departmental Income	30.8	35.3	40.8	20.0	24.4	27.1	17.3	26.9	34.8
Ratio of Departmental Income to Room Sales	19.3	26.4	42.8	11.5	18.0	19.9	13.2	20.4	26.0
Ratio of Departmental Income to Total Sales	11.3	12.7	17.5	7.2	9.7	11.3	6.9	10.5	12.0
Administrative & General Expenses									
Ratios to Room Sales									
Payroll & Related Expenses	4.3	5.1	9.5	4.8	6.2	8.4	7.1	10.2	12.1
Bad Debts	.1	.2	.5	.2	.3	.5	.3	.5	.8
Credit Card Commissions	1.3	2.0	2.6	.7	1.0	1.2	.2	.9	1.3
Data Processing Service	.1	.4	1.2	.1	.4	.4	N	.2	.2
Insurance—General	.1	.3	.6	.8	1.0	1.1	.3	.6	.9
Licenses & Dues	.1	.2	.3	N	N	.1	N	.1	.3
Management Fees	1.0	7.0	11.1	6.7	11.3	13.5	3.7	7.0	11.9
Operating Supplies	.3	.5	.8	.1	.3	.5	.4	.7	1.0
Professional Fees	.1	.2	.2	.1	.2	.4	.5	.6	1.2
Security	.2	1.5	1.7	.9	1.2	1.3	N	.2	.5
Travel & Entertainment	.1	.2	.4	N	.2	.3	.1	.4	.6
All Other Expenses	.4	1.0	3.4	.5	.8	.9	1.1	2.2	2.5
Total Expenses	11.5	18.2	28.7	19.6	21.2	22.4	17.3	24.6	29.9
Ratios to Total Sales									
Payroll & Related Expenses	2.4	2.7	3.9	2.8	3.8	4.5	3.8	4.9	6.9
Other Expenses	2.6	5.2	8.4	5.7	8.4	9.5	4.5	5.8	9.6
Total Expenses	6.9	8.1	11.3	10.9	12.3	12.9	9.2	12.2	14.9
Cost Per Available Room	$1515	$2623	$3614	$2595	$3237	$3855	$1696	$3031	$3695

*After credit for employees' meals.
N—Negligible amount.

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
34.3¢	35.7¢	37.5¢	29.8¢	32.3¢	35.6¢	31.5¢	33.3¢	35.5¢	31.4¢	34.8¢	36.1¢
27.0¢	28.8¢	30.4¢	17.8¢	19.3¢	20.7¢	19.9¢	21.6¢	22.9¢	19.7¢	22.3¢	27.5¢
36.2%	41.0%	43.4%	20.2%	24.4%	27.0%	37.5%	41.1%	47.5%	28.3%	32.1%	35.8%
.8	1.6	2.2	1.0	1.7	2.4	1.3	1.9	2.3	1.6	3.0	4.0
.3	.7	1.4	.2	.4	.7	.1	.2	.8	.1	.4	.6
.1	.3	.4	.3	.4	.5	.2	.4	.5	.2	.5	.7
.6	.9	1.3	.4	.5	1.0	.6	.9	1.4	.3	.6	.9
.1	.3	.6	.3	.8	1.5	.1	.1	.2	N	N	N
1.8	2.4	3.4	3.1	5.0	9.2	1.2	2.0	3.6	.8	2.5	3.6
1.3	1.9	2.3	1.0	1.5	2.1	1.5	1.9	2.4	1.7	2.1	2.7
.3	.8	1.3	.6	1.3	1.6	.4	.8	1.4	.6	1.0	1.8
.1	.2	.4	.2	.4	.5	.3	.4	.7	.4	.6	.7
.4	1.1	1.7	.8	1.9	3.1	.5	1.3	2.1	.7	2.5	3.3
44.5	50.6	55.2	36.5	40.7	44.9	48.5	53.3	59.7	41.3	46.2	53.7
11.7	19.3	24.3	28.6	37.6	42.1	13.3	18.4	23.7	18.9	27.6	31.8
7.9	18.4	23.0	23.6	29.2	35.7	7.4	11.5	18.0	11.5	18.2	25.8
5.0	8.8	10.7	11.1	15.0	17.5	4.5	6.7	9.2	5.9	10.0	12.1
6.9	8.0	10.4	5.9	8.6	10.3	5.6	7.5	9.1	8.7	10.7	12.5
.2	.4	.6	.1	.5	.5	.2	.4	.6	.3	.8	.9
1.7	2.1	2.6	2.1	2.5	3.2	1.8	2.1	2.5	1.5	2.0	2.6
.2	.3	.4	.2	.6	.7	.1	.2	.4	(.1)	.2	.2
.3	.4	.5	.1	.2	.4	.7	1.0	1.5	.2	.5	.7
N	.1	.1	N	.1	2	.1	.1	.3	.2	.2	.3
1.2	5.9	6.3	1.2	3.0	8.2	2.8	5.0	6.4	.6	3.6	5.6
.5	.8	1.0	.6	.9	1.1	.4	.5	.7	.6	.7	.8
.4	.6	1.0	.5	1.0	2.5	.2	.5	.8	.5	.8	1.8
.1	.2	.8	.7	1.1	1.3	.1	.2	.9	.2	.9	2.0
.1	.3	.7	.2	.4	.9	.1	.3	.5	.3	.7	1.0
.9	1.8	2.6	1.6	3.0	5.4	.8	1.0	1.6	1.9	2.1	3.4
15.1	18.9	22.4	19.6	24.4	26.0	15.0	18.5	21.7	17.8	21.7	25.6
3.2	3.9	4.4	3.0	4.3	5.1	3.5	4.4	5.1	4.2	5.3	6.2
3.1	5.0	6.5	5.2	7.7	9.4	4.9	6.3	7.4	4.5	5.4	7.1
7.2	8.7	10.1	9.0	11.9	13.9	9.0	10.7	12.1	8.9	10.9	13.3
$1209	$1739	$1992	$1414	$1973	$2694	$1382	$1964	$2632	$2132	$2381	$3300

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Exhibit 47 (continued)

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Marketing									
Ratio to Room Sales	3.9%	6.0%	8.2%	4.1%	6.0%	6.6%	3.1%	5.0%	6.6%
Ratio to Total Sales	2.3	3.3	3.6	2.6	2.8	3.7	1.8	2.3	3.0
Cost Per Available Room	$512	$714	$1023	$516	$772	$1324	$327	$719	$1031
Energy Costs									
Ratio to Room Sales	6.1%	7.5%	12.2%	3.5%	4.7%	8.4%	2.8%	5.0%	11.5%
Ratio to Total Sales	3.0	4.1	4.7	1.8	2.9	4.4	1.5	2.6	5.5
Cost Per Available Room	$802	$1000	$1311	$632	$901	$1101	$527	$741	$1015
Property Operation & Maintenance									
Ratio to Room Sales	7.1%	10.7%	15.5%	7.3%	9.7%	14.0%	8.1%	11.7%	18.0%
Ratio to Total Sales	3.9	4.7	5.8	4.5	5.8	6.4	4.6	5.6	8.7
Cost Per Available Room	$917	$1217	$1712	$1023	$1348	$1696	$949	$1811	$2172
Current Assets									
Accounts Receivable (Net)									
Amount Per Room	$1298	$2173	$3023	$1607	$1678	$2047	$1288	$2848	$4592
Ratio to Total Sales	6.0%	7.7%	9.8%	4.0%	5.2%	7.3%	6.0%	9.1%	11.6%
Annual Turnover	11	13	17	5	20	20	8	12	14
Food Inventory									
Amount Per Room	$72	$194	$377	$127	$130	$191	$152	$370	$672
Annual Turnover	14	22	25	5	22	27	6	10	18
Beverage Inventory									
Amount Per Room	$72	$148	$284	$93	$112	$187	$26	$124	$304
Annual Turnover	4	7	8	2	4	5	2	5	6
Current Position									
Current Assets for Each Dollar of Current Liabilities	$1.19	$1.40	$2.95	$.71	$1.40	$1.40	$1.13	$1.84	$4.07

*After credit for employees' meals.
N—Negligible amount.

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
4.6%	7.5%	9.9%	7.0%	8.0%	11.3%	5.7%	7.4%	9.2%	4.4%	7.4%	9.1%
2.1	3.6	4.5	3.6	4.5	5.7	3.4	4.4	5.1	2.2	3.4	4.9
$425	$707	$973	$486	$735	$1091	$583	$777	$1052	$538	$834	$968
4.5%	6.1%	7.8%	4.7%	5.8%	7.1%	5.9%	7.3%	9.4%	5.8%	8.0%	9.9%
2.0	2.8	3.8	2.3	2.8	3.4	3.4	4.2	5.4	3.1	3.7	4.6
$431	$514	$650	$344	$505	$663	$589	$780	$1023	$677	$908	$1082
8.2%	10.5%	14.5%	8.9%	12.8%	15.3%	6.9%	9.4%	12.3%	10.0%	13.6%	16.0%
3.8	5.2	6.2	4.4	6.3	8.0	4.2	5.3	6.7	4.8	6.2	8.2
$693	$870	$1195	$680	$862	$1629	$650	$1092	$1446	$975	$1602	$2026
$335	$714	$1215	$575	$1098	$1624	$573	$982	$1579	$1480	$2249	$3606
2.2%	3.6%	5.7%	4.7%	6.3%	9.0%	3.5%	5.2%	6.8%	7.9%	9.5%	14.6%
18	30	40	11	19	23	16	21	28	10	13	13
$53	$91	$124	$43	$73	$113	$52	$67	$109	$90	$133	$168
19	25	26	14	17	26	23	30	37	17	19	21
$67	$193	$266	$62	$130	$266	$37	$48	$69	$82	$249	$399
4	6	7	2	3	4	6	8	11	2	4	5
$1.12	$1.32	$1.54	$1.12	$1.74	$2.22	$1.17	$1.60	$2.16	$1.16	$1.26	$1.47

Appendix 1

This report contains data from hotels in the regions indicated on the map below

Appendix 2
Explanation of Terms and Bases Used

The accounting information has been accumulated using the 7th revised edition of the *Uniform System of Accounts for Hotels,* approved by the American Hotel & Motel Association, as a basis. The following paragraphs define the terms used in this study.

Room Sales
This category includes revenue from guest accommodations rented on a part-day, full-day, or longer period basis. The figures are net of any sales or turnover taxes and service charges paid to employees.

Revenue from public rooms ordinarily used for food and beverage service is not included in room sales.

Food Sales
This category includes revenue derived from the sale of food in restaurants, through room service or at banquets. Sales do not include meals charged by hotel management staff.

Beverage Sales
This category includes revenue from the sale of wine, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks. Sales do not include beverages charged by hotel management staff.

Minor Operated Department Sales
This category includes revenue derived from telephone, laundry and valet services. It also includes income from casino operations, pool club memberships and other departments operated.

Other Income
This category includes profit on foreign exchange, concession income and other income such as commissions from auto rentals, garage, parking lots and salvage.

Store Rentals
This category includes all income from rental of stores and showcases.

Cost of Food Sales
This category includes the cost of food served to guests, together with transportation and delivery charges, at gross invoice price less trade discounts. The cost of employees' meals is charged to the appropriate department and does not constitute a part of the cost of food sold.

Cost of Beverage Sales
This category represents the cost of wines, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks and all other material served as beverages, or used in the preparation of mixed drinks, at gross invoice price less trade discounts, plus import duties, transportation and delivery charges. The cost of employees' beverages is charged to the appropriate department and does not constitute a part of the cost of beverages sold.

Cost of Minor Operated Department Sales
This category represents the cost of telephone, laundry and valet sales and any other minor operated department sales.

Rooms Payroll
This category includes salaries and wages of personnel of the rooms department (front office, doormen and porters).

Also included are the employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Food and Beverage Payroll
This category includes salaries and wages of personnel in the food and beverage department (purchasing, receiving, storage, preparation, service, dish-

washing, cashiers, and control). Also included are all employee benefits, such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Minor Operated Department Payroll

This category includes salaries and wages of personnel in all minor operated departments, including telephone, guest laundry, valet, casino and pool. Also included are all employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions. House laundry and employee cafeteria payrolls are not included as they have been allocated to the various departments and are included in other expenses.

Other Expenses

The term "other expenses" can cause confusion. At first sight, it is a loose term—for example, the expression "wages and other expenses" could be interpreted as "wages and all additional expenses incurred in operating a facility." However, its meaning is precise and refers to direct departmental expenses incurred in the operation of a department or service (rooms department, sales office).

Rooms, Other Expenses

This category represents expenses other than rooms payrolls as defined above, such as rooms cleaning supplies, guest supplies, laundry, linen, reservation expenses, paper supplies and travel agents' commissions.

Food and Beverage, Other Expenses

This category includes items such as china and glassware, cleaning supplies, decorations, guest supplies, laundry, linen, music and entertainment, menus and beverage lists, silver and uniforms.

Minor Operated Departments, Other Expenses

This category includes items such as telephone equipment rental, laundry supplies, casino uniforms, casino entertainment and pool supplies.

Undistributed Operating Expenses

This classification is used for (1) administrative and general expense, (2) marketing expense, (3) energy costs, and (4) property operation and maintenance expense. Each of these can be considered as an individual entity. Some examples of the expenses included are:

- Administrative and general other expense includes cash overages or shortages, commissions on credit cards, collection charges, executive office expense, general insurance, postal, legal expense, trade association dues, traveling expenses, accountants and consultants fees.
- Marketing other expense includes advertising in all media and applicable travel expenses and supplies.
- Energy costs include the cost of electrical power, fuel, steam and water.
- Property operation and maintenance includes the cost of repairing buildings, electrical and mechanical equipment and fixtures, floor coverings, furniture, grounds and landscaping plus the cost of electric bulbs, mechanical supplies and removal of waste matter.

Income Before Fixed Charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor operated department income, store rentals and other income, less all undistributed expenses.

There are thus three levels of profit in the study. The first level is departmental profit (rooms, food and beverage, minor operated); the second is gross income (the sum of departmental profits plus store rentals and other income); the third is income before fixed charges (gross income less undistributed operating expenses).

Room Statistics

The published number of rooms for rental in a hotel usually differs from the actual number of rooms available—only the rooms permanently available to the public are used in computing ratios.

The number of rooms available in a period (usually a year) is the number permanently available multiplied by the days in the period.

The number of rooms occupied is the sum for the period of rooms rented to guests daily.

The number of guests is the sum of the daily house counts for a period.

Rate of Occupancy

The rate of occupancy is derived from the room statistics above. The average annual room occupancy is the ratio of total occupied rooms to total available rooms.

Average double occupancy is represented by total number of guests divided by total number of rooms occupied. This result can be expressed either on a guests per room basis, or as a percentage. Thus,

$$\frac{\text{total number of guests}}{\text{total occupied rooms}} = \frac{75}{50} = 1.50$$

This can be expressed as a double occupancy of 50 percent, or as 1.5 guests per occupied room.

Average Rate

There are two quantities widely used to express rooms sales on a unit basis—average room rate and the average rate per guest.

The average room rate is defined as room sales divided by the total number of rooms occupied.

The average rate per guest is defined as room sales divided by the total number of guests.

Number of Times Average Room Rate Was Earned

This measurement of operating efficiency is calculated by dividing income before fixed charges (house profit) per available room by the average room rate.

Food and Beverage Department

The ratios in the restaurant department are based on total food and beverage sales. The single exception is cost of sales. Cost of food sold is expressed as a percentage of food sales. Similarly, the cost of beverages sold is expressed as a percentage of beverage sales.

Current Ratio

The current ratio is defined as current assets, divided by current liabilities. The current portion of long-term debt has been excluded from current liabilities.

Inventory Ratios

Inventory figures taken from the balance sheet have been directly related to operations.

Average inventory is the sum of opening and closing inventories divided by two.

The turnover ratios represent cost of sales divided by average inventory.

Accounts Receivable Ratio

Average accounts receivable is the sum of opening and closing accounts receivable divided by two.

The turnover ratio represents sales divided by average accounts receivable.

Worldwide Lodging Industry

Eleventh Annual Report on International Hotel Operations

1981 Edition

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Foreword

by

The Rt. Hon. Lord Hirshfield, President
Horwath & Horwath International

On April 14, 1981, the United States National Aeronautics and Space Administration (NASA) successfully concluded the maiden flight of the space shuttle, launching a new era of space exploration. This momentous event reminded me that in the foreword to *Worldwide Lodging Industry Midyear Commentary 1980–1981* I suggested that the next 20 years could well be the "Tourism Odyssey." In making this comment I was thinking of Arthur C. Clarke's famous novel, *2001: A Space Odyssey*. I was not suggesting that the tourism industry was embarking on a journey in a literal sense, although the idea of hotels on the moon or a luxury cruise through the Milky Way is amusing. Instead, I was thinking that during the next 20 years we shall witness a level of technological change not experienced since the Industrial Revolution. Such technological advancement is bound to result in far-reaching consequences for the lodging industry.

Many of the world's hotels were, and still are, developed to complement transportation facilities. In the past, advances in technology have resulted in changing market demands for accommodation. In the mid-19th century, the United Kingdom's railway system was developed (no totally new routes have been constructed since 1899), providing mobility to a population then estimated at 22 million. Hotels were built at principal rail terminals to accommodate the increasing number of travelers. In the 1950s, air routes were inaugurated out of the U.K. (and other European countries). Hotels were built in Spain, Italy, Greece, Yugoslavia and the south of France in response to this new pattern of travel. The old rail terminal hotels suffered but also adapted to change; new markets were created (second holidays and conferences became principal market attractions for these facilities).

The technological importance of the space shuttle to the lodging industry is not in its being a possible first step to interplanetary travel, but its capability to carry and place telecommunication satellites in orbit at a fraction of the previous individual launch cost. Such equipment could make the "view phone" or the "televiewer" commercially viable by the end of this century. Undoubtedly, this development would affect the lodging industry. Some current lodging markets may experience declines, but the industry will witness the birth of new market needs and aspirations.

Hotels themselves are not exempt from technological advancements. For instance, the microchip is having a substantial impact on the lodging industry by improving existing services and procedures. Computerized reservations and accounting systems, in-room entertainment facilities, security systems, and energy conservation and control are all facilitated by this new technology.

If we speculate further, then the possibility of a completely electronic hotel is not too unreal. In the context of this type of technological innovation, the hotel can be compared to the airplane. The existing stock of hotels is generally akin to the piston engine, propeller-driven aircraft that had to be flown by a pilot and crew. The new hotel stock is likely to be much more automated and more akin to modern jets that require no more than cursory supervision by highly trained technicians monitoring a control console.

But can the hotel industry be compared in this way? Isn't it a service industry? Is the personal service, the friendly smile, the remembering of a name and the artistry of the master chef not the foundation on which the industry is built?

The next 20 years will be the challenging years of change. We must all remain vigilant and receptive to innovation. The nature of the lodging industry's product must change with the needs of its customers. Undoubtedly, there will still be a place for the traditional manual skills, but only when practiced by those with the very highest ability. Most people working in the hotel industry will have to shed the cocoon of traditionalism and take advantage of new developments that will emerge within the industry as time moves us all toward the 21st century. ■

Avant-propos

Le 14 avril 1981, L'Agence Nationale pour l'Aéronautique et l'Espace des Etats-Unis (N.A.S.A.) a réalisé avec succès le premier vol de la navette spatiale, inaugurant une nouvelle ère de la conquête de l'espace.

Cet évènement mémorable me rappelle que, dans l'Avant-Propos du *Worldwide Lodging Industry Mid-Year Commentary 1980/1981*, je suggérais que les 20 prochaines années pourraient bien être celles de "l'Odyssée du Tourisme". En faisant cette remarque, je pensais au célèbre roman de Arthur C. Clarke: "2001, l'Odyssée de l'Espace".

Je n'insinuais pas que l'industrie du tourisme s'embarquait pour un voyage au sens littéral du terme, bien que l'idée d'hôtels sur la lune ou d'une croisière de luxe à travers la Voie Lactée soit amusante. Je pensais plutôt que pendant les 20 prochaines années, nous serions les témoins d'une évolution technologique encore jamais réalisée depuis la Révolution Industrielle. Un tel progrès technologique ne peut manquer d'avoir des répercussions de grande portée pour l'industrie hôtelière.

De nombreux hôtels dans le monde ont été, et sont encore construits comme service complémentaire des services de transport. Dans le passé, les progrès technologiques ont amené une évolution dans les besoins en matière d'hébergement. Au milieu du 19e siècle, le réseau ferroviaire du Royaume-Uni était déployé (depuis 1899, aucune ligne entièrement nouvelle n'a été construite), donnant la mobilité à une population alors estimée à 22 millions d'habitants. Les hôtels étaient construits aux principales gares ferroviaires pour recevoir le nombre croissant des voyageurs. Dans les années 50, des routes aériennes ont été ouvertes en dehors du Royaume-Uni (et des autres pays Européens). Des hôtels ont été implantés en Espagne, en Italie, en Grèce, en Yougoslavie et dans le Sud de la France, en réponse à cette évolution des voyages. Les vieux hôtels proches des gares de chemins de fer en ont souffert, mais se sont aussi adaptés au changement en captant de nouveaux marchés (les deuxièmes vacances et les conférences devinrent les principaux facteurs d'attraction pour ces unités).

L'importance technologique de la navette spatiale pour l'industrie hôtelière ne se situe pas dans le fait qu'elle représente un possible premier pas vers le voyage interplanétaire, mais dans sa capacité à placer en orbite des satellites de télécommunication à un coût très inférieur à celui des lanceurs individuels. De tels équipements pourraient rendre le visio-phone ou le "téléviewer" commercialement viables d'ici la fin du siècle.

Assurément, cette évolution affectera l'industrie hôtelière. Certains marchés actuels pourraient en souffrir, mais l'industrie verra naître de nouveaux besoins et de nouvelles aspirations.

Les hôtels eux-mêmes ne sont pas exempts de progrès technologiques. Par exemple la micro-informatique a un impact important sur l'industrie hôtelière, en améliorant les services et les procédures existantes. Ainsi, les systèmes de réservation électroniques, les systèmes comptables, les services distractifs en chambre, les systèmes de sécurité et le contrôle et les économies d'énergie ont tous été facilités par cette nouvelle technologie.

Si nous anticipons davantage, la possibilité d'hôtels totalement électroniques n'est alors pas trop irréelle.

Dans le contexte de ce type d'innovation technologique, un hôtel peut se comparer à un avion. En général, les hôtels existants s'apparentent à l'avion à hélices à moteur à piston qui doit être conduit par un pilote et un équipage. Les nouvelles unités hôtelières doivent probablement être beaucoup plus automatisées et s'apparenter aux jets modernes qui ne nécessitent qu'une supervision rapide par un personnel très qualifié, surveillant une console de contrôle.

Mais peut-on faire une telle comparaison en matière d'hôtellerie? N'est-ce pas une industrie de service? Est-ce que le service personnel, le sourire amical, le souvenir d'un nom et l'art du chef ne sont pas la base même sur laquelle repose l'hôtellerie?

Les 20 prochaines années seront des années de défi. Nous devons tous rester vigilants et réceptifs à l'innovation. La nature du produit hôtelier doit évoluer avec les besoins de ses clients. Sans doute, il y aura toujours place pour les compétences manuelles traditionnelles, mais seulement exercées par ceux qui en auront la plus grande aptitude. La plupart des personnes travaillant dans l'industrie hôtelière devront ôter leur cocon de traditionnalisme et profiter des nouveaux développements qui surgiront dans la profession, alors que nous avançons tous vers le 21ème siècle. ■

HORWATH & HORWATH INTERNATIONAL

Prologo

El 14 de abril de 1981, la Administración de Aereonáutica y el Espacio de Estados Unidos de América (NASA), concluyó el vuelo inaugural del transportador espacial, abriendo una nueva era en la exploración del espacio. Este evento me recordó que en el prólogo a la edición Midyear Commentary 1980–1981 de esta publicación sugerí que los próximos veinte años bien pudiesen ser la "Odisea Turística."

Al hacer este comentario pensaba en la famosa novela del autor Arthur C. Clarke—2001: Odisea del Espacio. No sugería que la industria turística partía en un viaje en sentido literal, aunque la idea de hoteles en la luna o un crucero de lujo a través de la Vía Láctea no deja de ser interesante. Más bien, pensaba que durante los próximos veinte años seremos testigos de adelantos tecnológicos no experimentados desde la era de la revolución industrial. Estos adelantos tecnológicos probablemente resultarán en consecuencias de gran alcance para la industria turística.

Muchos de los hoteles en el mundo fueron, y algunos todavía lo son, desarrollados como complemento a medios de transporte. En el pasado, los adelantos tecnológicos han resultado en cambios en la demanda de mercado para acomodaciones.

Durante la mitad del siglo XIX, el sistema ferroviario del Reino Unido fue construído (aunque no se han construído nuevas rutas desde 1899), proveyendo un sistema de transporte a una población estimada en 22 millones de personas. Se construyeron hoteles en las principales terminales ferroviarias para poder acomodar al gran número de viajeros.

En la década del cincuenta, se establecieron rutas aéreas desde el Reino Unido y otros países europeos. Se construyeron hoteles en España, Italia, Grecia, Yugoslavia y en el sur de Francia para servir esta corriente turística. Los hoteles en las terminales ferroviarias fueron afectados, pero se adaptaron a los cambios y se crearon nuevos mercados (centros de conferencias y segundas vacaciones fueron nuevos mercados para estos hoteles). La importancia tecnológica del transportador espacial para la industria

hotelera no reside en que es el primer paso en viajes interplanetarios sino en su capacidad para transportar y colocar satélites en órbita a una fracción del costo de lanzamiento anterior. Este equipo pudiese convertir el teléfono—TV en comercialmente viable hacia el fin de este siglo. Sin duda estos adelantos afectarán la industria hotelera. Algunos mercados hoteleros experimentarán descensos, pero la industria será testigo del nacimiento de nuevos requerimientos y necesidades del mercado.

Los hoteles de por sí no están ajenos a adelantos tecnológicos. Por ejemplo, los micro-circuitos de memoria han tenido un impacto sustancial en la industria hotelera al mejorar los servicios y procedimientos en uso. Reservaciones computerizadas, sistemas contables, sistemas de seguridad y sistemas de ahorro y de control de energía son mejoras logradas por esta nueva tecnología. Si continuamos especulando y desarrollando esta idea, entonces la posibilidad de un hotel completamente electrónico no parece increíble.

En el contexto de este tipo de innovaciones tecnológicas, el hotel puede ser comparado con el avión. El inventario existente de hoteles paralela al avión con motores de pistones movido por propelas que necesariamente tienen que ser conducidos por un piloto y una tripulación. Los nuevos hoteles probablemente sean mucho más automatizados y afines a los modernos aviones de reactores que sólo requieren una ligera supervisión por técnicos altamente entrenados que vigilan una consola de controles.

Pero, ¿se puede comparar en esta forma a la industria hotelera? ¿No es ésta una industria de servicio? ¿No fue acaso con el servicio personal, la sonrisa amistosa, el recordar un nombre y la creatividad de un chef maestro la base en que la industria se fundó?

Los próximos veinte años serún años de cambio. Todos debemos permanecer vigilantes y receptivos a las innovaciones. Sin duda, todavía existirá un lugar para las tareas manuales tradicionales, pero solamente cuando las mismas sean llevadas a cabo por aquellos altamente entrenados. La mayoría de las personas que trabajan en la industria hotelera tendrán que desprenderse del manto del tradicionalismo y hacer uso de los adelantos que surgirán dentro de la industria mientras el tiempo nos mueve hacia el siglo XXI. ■

HORWATH & HORWATH INTERNATIONAL

Vorwort

Am 14 April 1981 beendete die Luft- und Raumfahrtbehörde der Vereinigten Staaten (NASA) erfolgreich den Jungfernflug der Raumfähre ("space shuttle") und eröffnete damit ein neues Zeitalter der Weltraumforschung. Dieses bedeutsame Ereignis erinnerte mich daran, daß ich im Vorwort zum Jahresmitte-Kommentar 1980–1981 des weltweiten Hotelgewerbes *(Worldwide Lodging Industry Midyear Commentary 1980–1981)* die Meinung vertrat, die nächsten 20 Jahre könnten wirklich ein "Odyssee-Tourismus" werden. Als ich diese Anmerkung machte, dachte ich an den bekannten Roman von Arthur C. Clarke: "2001, eine Weltraum Odyssee". Ich schlug nicht etwa vor, daß die Tourismus-Industrie sich auf eine Reise im Literarischen Sinne einlassen sollte, obwohl die Vorstellung von Hotels auf dem Mond oder einer luxuriösen Kreuzfahrt durch die Milchstraße sehr amüsant ist. Ich dachte vielmehr daran, daß wir in den nächsten 20 Jahren Zeugen eines technologischen Wandels werden, wie wir ihn in diesem Ausmaß seit der industriellen Revolution nicht erlebt haben. Solch ein technologischer Fortschritt hat geradezu zwangsläufig weitreichende Folgen für das Hotelgewerbe.

Viele Hotels in der Welt entstanden und entstehen noch, um Reisemöglichkeiten weiter zu vervollständigen. In der Vergangenheit brachte der Fortschritt auf technologischem Gebiet auch Änderungen in der Nachfrage nach Unterkunftsmöglichkeiten mit sich. Als in der Mitte des 19. Jahrhunderts im Vereinigten Königreich das Eisenbahnsystem geschaffen wurde, (wobei seit 1899 keine gänzlich neuen Strecken mehr gebaut worden sind) wurden Reisemöglichkeiten für eine Bevölkerung geschaffen, die damals auf 22 Millionen Einwohner geschätzt wurde. Hotels wurdern in der Nähe von wichtigen Bahnhöfen gebaut, um die wachsende Zahl von Reisenden aufzunehmen. In den fünfziger Jahres dieses Jahrhunderts wurden grenzüberschreitende Fluglinien im Vereinigten Königreich (und in anderen europäischen Ländern) erröffnet. Hotels wurden in Spanien, Italien, Griechenland, Jugoslawien und im Süden Frankreichs als Antwort auf diese neue Art des Reisens errichtet. Die alten Bahnhof-Hotels erlitten Rückgänge, aber sie stellten sich auch auf die veränderten Bedingungen ein; neue Märkte wurden erschlossen (so erlangten Zweit-Urlaub und Kongresse eine große Bedeutung für diese Betriebe).

Die technologische Bedeutung der Raumfähre ("space shuttle") für das Hotelgewerbe liegt nicht in einem ersten möglichen Schritt auf dem Wege zu Reisen in das Weltall, sondern besteht in der Fähigkeit, Fernmeldesatelliten in eine Erdumlaufbahn zu befördern und zwar zu einem Bruchteil der Kosten, die ein einzelner Raketenstart früher verursacht hat. Solcherart könnte auch das "Bildschirmtelefon" ("view phone") oder das "Bildschirmgerät" ("televiewer") bis zum Ende dieses Jahrhunderts wirtschaftlich einsetzbar sein. Zweifellos würde diese Entwicklung das Hotelgewerbe beeinflussen. Einige derzeitige Hotels erleiden vielleicht Rückgänge, aber die Industrie wird neue Marktnachfrage und Bedürfnisse schaffen.

Die Hotels selbst sind vom technologischen Fortschritt nicht ausgeschlossen. Zum Beispiel hat der Mikroprozessor eine beträchtliche Auswirkung auf das Hotelgewerbe durch Verbesserung der derzeitigen Dienstleistungen und Verfahren. Computer-reservierungs- und Buchführungs-

systeme, Unterhaltungsmöglichkeiten im Gästezimmer, Sicherheitssysteme und Energieeinsparung und Kontrolle werden durch diese neue Technologie ermöglicht.

Stellen wir weitere Vermutungen an, erscheint das vollständig elektronische Hotel als gar nicht zu wirklichkeitsfremd. Im Zusammenhang mit dieser Art von technologischer Erneuerung kann das Hotel mit dem Flugzeug verglichen werden. Der derzeitige Bestand an Hotels ist im allgemeinen den Propellerflugzeugen mit Kolbenmotoren sehr ähnlich, die von einem Piloten und einer Mannschaft geflogen werden mußten. Die neue Generation von Hotels ist voraussichtlich viel mehr automatisiert und ähnelt mehr den modernen Düsenflugzeugen. Diese erforden nur noch eine flüchtige Kontrolle durch hoch trainierte Techniker, die eine Instrumentenkonsole überwachen.

Aber kann das Hotelgewerbe wirklich so verglichen werden? Ist es nicht ein Dienstleistungsgewerbe? Ist nicht der persönliche Kundendienst, das freundliche Lächeln, die Erinnerung an einen Namen und die Kunstfertigkeit des Küchenchefs der Grundstock, auf dem das Gewerbe aufgebaut ist?

Die nächsten 20 Jahre werden die herausfordernden Jahre des Wechsels sein. Wir müssen alle wachsam bleiben und empfänglich für Neuerungen. Die Art der Leistungen des Hotelgewerbes müssen sich mit den Bedürfnissen seiner Kunden ändern. Es wird zweifelsohne auch in Zukunft einen Platz für die traditionellen handwerklichen Fertigkeiten geben, aber nur für diejenigen mit den allerhöchsten Fähigkeiten. Die meisten Menschen, die im Hotelgewerbe arbeiten, werden den schützenden Mantel der Tradition ablegen müssen und Vorteile aus den neuen Entwicklungen ziehen, die innerhalb der Industrie zum Vorschein kommen, denn die Zeit bringt uns alle dem 21. Jahrhundert näher. ■

Comments From Around the World

Africa

From Angola

The Government of Angola's hotel company, ANGHOTEL, has embarked on an ambitious program to reconstruct the country's hotels and turn them into international class facilities. The project focuses on Luanda's principal hotels, Panorama, Tropico, Costa del Sol and the soon to be opened Hotel Presidente, reported to be one of the most impressive hotel facilities in Africa.

With assistance from the Brazilian Government and SISAL S.A., the Brazilian construction company, the Government of the Republica Popular de Angola, through ANGHOTEL, is training Angolans in the operation and management of the various hotels. The training program includes the rehabilitation of the hotel units and the transfer of hotel technology to Angolans. Work at the Hotel Panorama has been advancing very rapidly and the luxurious Hotel Presidente is expected to open during the summer of 1981.

Eliberto J. Gracia
Laventhol & Horwath
Miami

Salvador F. Conti
Soteconti Auditores Independentes S/C
Sao Paulo

From Cameroon

Cameroon is in the first year of its fifth Economic, Social and Cultural Development Plan (1981-1986), during which the country's economy is expected to continue its significant growth. Forecasts prepared by the Delegation Generale du Tourisme for the current plan project an increase in the number of guest nights (foreign and domestic) from 1.2 million in 1981-82 to 3.5 million in 1985-86. They also project an increase in the supply of accommodations from 5,046 rooms in 1979-81 to 7,906 rooms in 1985-86, including an additional 1,000 rooms in Douala, 750 rooms in Yaounde (the capital), 350 rooms in Garoua (in the north) and 450 rooms in Kribi (on the southern coast).

Airline service to Cameroon is increasing and Douala Airport is now receiving wide-body jets.

Business demand for hotel accommodations is particularly strong in Douala, the commercial center, and is increasing in Yaounde.

Considerable tourism potential exists in Cameroon. Realizing this potential will depend on the development of an infrastructure and appropriate facilities in tourist areas, and (as in other parts of West Africa) on a significant reduction in the cost of air travel from major demand generating countries.

Novotel is represented in Cameroon and other international hotel companies are exploring development possibilities. The Meridien Hotel in Douala is expected to open during 1981 and the Societe National d'Investissement has announced the signing of an agreement with Hilton International for hotels in Douala, Yaounde, Kribi and Garoua.

Martin Gerty
Horwath & Horwath (U.K.) Ltd.
London

From South Africa

The hotel industry in South Africa is prospering. All major hotels have reported record occupancy, income and profits. Current statistics reveal that three-, four- and five-star hotels had occupancies in excess of 85 percent for February 1981, with an average occupancy for the 12 months ended February 28, 1981, in excess of 75 percent. A major hotel chain, Southern Sun Hotel Holdings Ltd., reported a 91 percent increase in profits for the year ended March 31, 1981, or earnings of US$29 million, and an average occupancy for the group of 79 percent.

All hotels with convention facilities reported satisfactory results. During 1980, a number of major international congresses were held in South Africa, particularly in Johannesburg.

A significant problem facing the hotel industry is restaurant sales. Competition in the restaurant business, particularly in Johannesburg, is fierce and hotels are attempting to obtain a greater volume of this business.

Currently, South Africa is experiencing a relatively high rate of inflation (16 percent per year), which is resulting in increasingly higher room rates, as well as higher operating expenses, particularly salaries.

The country's hotel industry also is experiencing a severe shortage of skilled personnel, which has resulted in the intensification of local training programs and extensive recruitment of senior personnel from abroad. International chains with hotels in South Africa are importing staff from their overseas operations to alleviate the acute shortage.

Johannesburg has a shortage of five-star accommodations. The only facilities of this class are the 600-room Carlton (Westin Hotels) and the 265-room Landrost (Southern Sun). The Carlton has a 72-room extension under construction and Southern Sun plans to build a 340-room, five-star hotel on the outskirts of Johannesburg. Holiday Inns, which operates 25 hotels in southern Africa,

has an inn under construction near Johannesburg. Other major projects under construction include a 340-room, five-star hotel in Cape Town, and a casino in the independent Transkei homeland. All new hotels are placing emphasis on conference facilities.

Despite the economic slowdown, 1981 is expected to produce good results for the country's hotel industry. International tourism to South Africa is growing and a number of conferences have been booked or are being planned during 1981.

Malcolm Segal
Kessel Feinstein
Johannesburg

From Sudan

There is now more than a glimmer of hope for a resumption of increased economic growth in Sudan. Early in 1981, total oil production was 15,000 barrels a day compared with 500 barrels a day in early 1980. In total, 14 wells have been drilled by Chevron in a concession of about half a million square kilometers awarded by the government; oil has been found in five.

At the same time, government officials appear to recognize the potential of tourism as a major contributor to the economy and are ensuring that the country is promoted along with other African destinations. Sudan Airways has worked closely with the Tourism and Hotels Corporation to set up offices in London and Nairobi. The possibility of developing joint Sudan/Kuwait holiday itineraries and programs is being considered, and winter season traffic between Italy and the Red Sea is developing.

As yet, however, there is little development activity in terms of hotel accommodations either in Khartoum or other areas of Sudan, a reflection of continuing economic uncertainty and lack of investment confidence in the country as a whole.

Howard V. Williams
Horwath & Horwath (U.K.) Ltd.
London

From Tunisia

The number of foreign tourist arrivals in Tunisia increased 18.1 percent in 1980 compared with 1979. There were 1,602,054 entries in 1980 and 1,335,951 in 1979. As a result, the number of guest nights (residents and nonresidents) increased from 12,017,016 in 1979 to 12,792,370 in 1980, an increase of 6.5 percent. The occupancy ratio remained stable: 49 percent in 1980 compared with 48.3 percent in 1979. Bed capacity increased 4.3 percent in 1980 compared with 1979, from 55,708 in 1979 to 58,120 in 1980, due partly to the opening of a new tourist resort, El Kantaoui.

During 1980, income from the tourism industry totaled 250 million dinars; the sum is expected to be higher in 1981.

The relative prosperity of Tunisia's tourism industry is mainly due to careful planning and development of new facilities. Furthermore, there was a greater diversification in the market sources during 1980. The number of English arriving in Tunisia increased 36.9 percent; Scandinavians, up 20.4 percent, and Algerians, up 129.5 percent. An aggressive sales and marketing policy was established in 1980 to attract new potential target markets, principally the Japanese, Americans, Canadians and Arabs.

The government's tourism officials have also established a program to develop three types of tourism projects: cultural tourism, Saharan tourism and the international convention market. Special efforts are also being made to promote domestic tourism to increase occupancies during the off season.

As the international hotel chains have entered the market, many local hotel owners have found it necessary to upgrade their management systems by using the "Uniform System of Accounts for Hotels."

Rached Fourati
Cabinet Fourati
Tunis

Dominique Gagnard
Horward & Horwath France
Paris

Asia

From India

Tourism in India increased 4.6 percent in 1980 compared with the official projection of 15 percent. However, tourism earnings increased from US$455 million in 1979 to US$602 million in 1980, making tourism the fourth ranking earner of foreign exchange. The average tourist stay in India is estimated to be 25.6 days. Northern India traditionally has had more tourists than other parts of the country. However, a change in this trend was recorded during 1980, with southern India showing a growth rate of 20 percent, which is more than four times the national growth rate. Tourist arrivals during January and February 1981 increased 8.3 percent compared with the same period of 1980.

There are conflicting views regarding the immediate future of tourism in India. Because of a large number of cancellations attributed to the 15 percent tax on hotel receipts, travel agents are not overly enthusiastic about future prospects. Conversely, the Union Minister for Tourism expects one million tourists to visit India in 1981 (800,000 came in 1980) and is hopeful of achieving the targeted figure of 1.75 million tourists by the end of the Sixth Five-Year Plan (1980-1985). Once again he reiterates that the number would be doubled by 1990. The plan provides for an outlay of US$90 million by the government for tourism development projects, including accommodations in tourist villages and youth hostels, transport facilities, mountain and beach resorts, and cultural-, wildlife- and sports-related tourism projects.

The government is taking two important steps to boost tourism. First, it will permit charter flights. About 30,000 youths from West Germany and 29,000 from France are expected to visit the country. Air India and the airlines of West Germany and France are organizing the charter flights. Under charter arrangements, bilateral negotiations with Australia, Japan and Canada are also being conducted. The second significant move is to develop the hotel industry with foreign collaboration, particularly with petrodollar countries. The collaborator will be allowed 40 percent equity participation; it could be 100 percent in the case of a loan. The participation of collaborators from other countries would be limited to 30 percent for equity and 50 percent for a loan. Repatriation of funds would be made easier.

Because of a shortage of hotel rooms in Bombay, Calcutta, Delhi, Madras and Bangalore, occupancy in five-star hotels

continues to be high. Most officials of the larger hotel chains have plans for development and expansion of their existing facilities despite their grievances with government policies. Some are building hotels or assuming hotel management contracts overseas, particularly in third world nations.

An additional 2,500 rooms are needed in New Delhi for the 1982 Asiad; 2,380 are under construction. There are construction delays because of a shortage of cement and steel. Another 9,000 rooms are expected to be added by the end of the current Five-Year Plan. But much will also depend on the availability of financing. The Industrial Finance Corporation of India, a leader in financing hotel projects, is reported to have temporarily run out of funds, causing panic among those who have invested large sums of money in purchasing land and setting up organizations to start and manage new hotels.

Vasant Raiji
N. M. Raiji & Co.
Bombay

From Indonesia

In 1980, the number of visitor arrivals in Indonesia totaled 557,805. Americans comprised 12 percent of the total, Western Europeans 33.2 percent, Eastern Europeans 0.3 percent, Africans 0.1 percent, Middle Easterners 0.6 percent, ASEAN (Association of Southeast Asian Nations) nationals 22.4 percent, residents of other Asia Pacific nations 31.2 percent and all others 0.2 percent.

The hotel business in Indonesia is improving. During 1980, occupancy rates in Jakarta and Bali ranged between 70 and 80 percent. The government has provided licensing for 2,500 new rooms at the Nusa Dua resort development on Bali, 1,500 rooms in Jakarta, 750 rooms in West Java and several hundred more rooms in other Indonesian provinces.

The Nusa Dua tourist resort development is on schedule and the Club Mediterranee, Cerea and Hilton are planning to build facilities there.

The convention business in improving. There were 51 conventions during 1980 compared with 38 in 1979; during the first three months of 1981 there were 27 conventions. Convention facilities are available in Jakarta, Bali and Yogyakarta.

Herman Budiarso
Drs Machdjud Modopuro & Co.
Jakarta Kota

From Malaysia

A total of 1,529,915 visitors arrived in Malaysia in 1980, an 8 percent increase compared with 1979. More than half (55.2 percent) of the visitors were from neighboring ASEAN (Association of Southeast Asian Nations) countries. Japanese visitors, which totaled 113,486 people, represented 7.4 percent of the total number of visitors, followed by Australians and New Zealanders (110,518), 7.2 percent; continental Europeans (106,322), 6.9 percent, and British and Irish (90,540), 5.9 percent. The number of visitors from continental Europe showed the most significant growth, a 21.7 percent increase compared with 1979, followed by Japan, 10.5 percent, and Canada, 10.1 percent.

Most visitors traveled to Kuala Lumpur, the capital and terminal for internal overland routes. A total of 487,116 (31.8 percent) tourists arrived in Kuala Lumpur, surpassing the second most frequented city, Penang, which had 77,890 visitors (11.6 percent).

Of the total number of arrivals, 669,700 (48 percent) arrived by air, 490,741 (32.1 percent) by road, and 290,022 (18 percent) by rail. The bulk of the arrivals by air were visitors from ASEAN countries, mostly businessmen on short trips, who tend to stay in hotels. As a result, the major hotels in Kuala Lumpur had an average occupancy rate of about 80 percent in 1980.

Except for a 300-room hotel scheduled for completion in 1984, no new hotels are being built. Hotel rates were raised 10 to 15 percent in June 1980 and most hotels are expected to increase their rates again in 1981.

Kuala Lumpur does not host many conventions and conferences because of a shortage of hotel rooms; only a few of the international hotels have adequate conference facilities. However, the hotel restaurant business continues to improve; the food and beverage revenue for some popular hotels is reported to be as much as 50 percent more than room revenue. Outside of Kuala Lumpur, the reverse is true.

The Tourist Development Corporation (TDC) of Malaysia has continued its "sell Malaysia" campaign, with frequent shows and exhibitions in Australia, Korea and continental Europe. TDC also has built the Tanjung Sara Hotel and the Rantau Abang Visitors Center in the underdeveloped east coast area.

The trend toward increasing occupancies is expected to continue in Kuala Lumpur during 1981, and to a lesser extent in Penang and elsewhere in the country. It will be accompanied by rising average room rates. The tourism industry in Malaysia may soon be experiencing a boom.

Ali Abdul Kadir
Lim Ali & Co.
Kuala Lumpur

From Singapore

Preliminary statistics in a report issued by the Singapore Tourist Promotion Board (STPB) reveal that the total number of visitors to Singapore in 1980 could have exceeded 2.5 million people. Other significant statistics from the report are as follows:

- In 1980, there was a 13.6 percent growth rate compared with the 10 percent annual growth rate projected by the STPB for the next five years, which could well mean four million visitors by 1984.
- About 56 percent of the visitors were on repeat visits.
- The average length of stay was 37 days.

The STPB's latest targets are overseas companies that offer travel incentives to top employees, sending them on fully paid trips to various destinations. What is attractive about these "incentive travelers" is that they tend to spend more money and stay about five to six days longer than the average tourist. STPB regional offices in New York, London and San Francisco will help in the project.

Meanwhile, the government has revoked a major hotel incentive introduced in the 1960s. Hoteliers were allowed to build hotels in residential zones, which are cheaper than commercial zones, without having to pay rezoning charges. The removal of this incentive means that hoteliers will have to incur much higher costs for their expan-

sion projects. Major hotels in Singapore that may avoid the worst effects of this new policy include some first-class hotels, such as the Shangri-La, Goodwood Park, Hyatt, Queens Hotel and Garden Hotel.

In response to the government's call for increased efficiency, most of Singapore's major hotels have announced plans for the installation of computers. Hilton International Singapore, Shangri-La, Mandarin, Marco Polo and Royal are some of the hotels that have announced such plans.

Changi International Airport (CIS) is expected to be operational in July 1981. The airport is located on the eastern side of Singapore about 20 kilometers from the city's center. Plans have been announced for the development of three to four hotels with 250 to 300 rooms to cater to transit passengers. A new expressway linking the airport to the city also has been commissioned. The new road, which will cut across the "Marine Centre," is expected to shorten traveling time from the airport to the city by at least 50 percent.

Patrick Kim Chuan Tay
Patrick Tay & Co.
Singapore

Caribbean

From the Dominican Republic

In 1980, the number of tourist arrivals in the Dominican Republic increased 4 percent compared with 1979, providing the country with a hard currency income of about US$140 million. The total number of tourists was 560,000.

The north coast tourism infrastructure has continued to expand with the development of the Playa Dorada project, administered by INFRATUR, a Central Bank agency, with World Bank funding. On the east coast, Club Mediterranee recently opened a 360-room resort. El Portillo Beach Club in Las Terrenas, on the north coast of the Peninsula de Samana, is scheduled to open a 60-room resort in June 1981.

The government supports the development of tourism facilities by providing funds for financing as well as for promotional campaigns outside the country, an activity under the direction of the Minister of Tourism, Victor Cabral.

Sotero A. Peralta
Sotero Peralta y Asociados
Santo Domingo

Europe

General Comments

This comment is written as a new government comes to power in France. It was elected with the following policy priorities: a 35-hour work week, five weeks' minimum holiday per year and higher minimum wages. Indeed, the latter factor already has been implemented in the short period between the presidential and parliamentary elections.

The trend toward greater leisure time, and more people with more income to enjoy their leisure, could not have been expressed more clearly. Even with such changes, the French will not be endowed with the most generous holiday benefits in Europe. In West Germany, six weeks' holiday a year is already common. Among the populous, developed countries, Britain is notably less generous in this matter than France or West Germany. Generally, this trend is expected to continue in Europe during the next decade despite the prevailing economic difficulties and the high levels of unemployment in a number of countries.

Eventually, these trends will be reinforced by lower European airfares. The structure of current European airfares (officially scheduled carriers charge high fares supported by regulation and charter carriers charge lower fares undisclosed to the public as part of a wholesaler's package) is an archaic trading structure that at some future date will inevitably be broken up, probably by deregulation. As an example of these high, regulated fares, London-Crete (Heraklion) return at full economy is US$900 and by "Eurobudget" (i.e., fixed no change booking and the lowest grade of tourist class seat and conditions) is US$800, compared with airfares between London and a number of U.S. cities (much longer journeys) where the fares are under US$400. A London-Edinburgh shuttle with no in-flight services costs more than half the transatlantic fares.

The importance of these trends within Europe must be placed in context. Inter-European travel (generated and realized within Europe) accounts for about 80 percent of all international visitors to Western European countries; the recent European Travel Commission report projects that this will increase to 82.5 percent.

The World Tourism Conference, held in Manila in October 1980, which I attended as the representative of Horwath & Horwath International, was concerned with setting up principles of, and objectives for, tourism as an activity that is not merely an industry but that affects the social policies of governments and the way of life of people throughout the world. The conference set out to examine the social aspects of tourism against the background of man's inalienable right to take annual holidays—indeed annual holidays with pay. Clearly this right must be questionable in poorer countries where widespread poverty, and perhaps starvation, makes the right to take a holiday seem rather irrelevant. But the right has certainly become effective and widespread in the developed countries of Europe; in many of them even the unemployed expect to have annual holidays.

The right to leisure, freedom of travel and selection of venue, the preservation of cultural values and the environment, and an improvement in the quality of life were all discussed. There were suggestions that tourism should be taught in schools—not just for the many who will be involved as providers but for the entire population, all of whom will be constantly involved in it as consumers.

This must surely provide a clear message for Europe's hoteliers, and for all potential investors.

So, as a new French Government embarks on its declared course of a shorter work week, longer annual holidays and higher minimum wages, the trends occurring in the relatively wealthy regions of Western Europe are in accord with and should be regarded within the context of tourism's contribution to the quality of life and man's inalienable right to take a holiday with freedom of travel and selection of venue.

Jonathan A. Bodlender
Horwath & Horwath (U.K.) Ltd.
London

From Austria

As reported in *Worldwide Lodging Industry Midyear Commentary 1980-1981*, 1980 was the best year for tourism in Austria since 1972. A total of 118.7 million guest nights were recorded, an increase of 5.5 percent compared with the previous year. Foreign tourist guest nights increased at a more rapid pace (up 6.3 percent) than domestic tourists (up 2.8 percent). Substantial increases were registered for the number of visitors from the United Kingdom (up 43.6 percent) and the United States (up 22.1 percent).

In recognition of the contribution made by the tourism industry to the national economy, the Austrian Government has tried to make funds available to support the industry. The first 10-year program of the 1970s provided 3.1 billion Austrian schillings of public subsidies for investments in infrastructure, rooms with baths and personnel training. A second 10-year program will cost 8.2 billion Austrian schillings for further improvements in Austria's tourism industry.

However, it is unlikely that tourism to Austria in 1981 will reach the unprecedented figures of 1980. A continuing problem appears to be the domination by the German market, which represented 65.6 million guest nights or 72.7 percent in 1980. The predominance of visitors from Germany and the dependence on this country has often been criticized in the trade. As a result, the Austrian national tourist office has tried to promote tourism from other countries, a campaign that has already achieved some success. The number of German tourists is declining and the number of arrivals from other countries is increasing.

For the future, another area for concern within Austria's tourism industry is increasing labor costs, which are already close to those of West Germany.

Howard V. Williams
Horwath & Horwath (U.K.) Ltd.
London

From France

An estimated 30 million foreign visitors arrived in France during 1980, an increase of 4.6 percent compared with 1979. This increase was accompanied, however, by a drop in the average length of stay, resulting in an increase of only 0.9 percent in the number of guest nights for the nation's lodging industry as a whole.

This increase in demand was mainly for standard-class (or below) accommodations. The demand for deluxe and first-class facilities in France's major cities was depressed; there was a significant decrease in demand for such facilities in Paris. As a result of the decrease in occupancy, hoteliers have restrained from increasing average room rates and apparently are limiting any increase to the inflation rate.

To offset 1980 results, hoteliers have increased their marketing efforts.

Standard-class and budget hotels generally had a favorable year; operating results were good and investments continue to be made in this level of the industry. During 1980, two-star facilities continued to be developed throughout France. There is an increasing trend toward building economy and standard-class hotels in downtown locations. But market conditions require the owners of such properties to increase their marketing efforts, which have been mainly characterized by the following:

- Upgrading of equipment and services and rehabilitation of guest facilities.
- More aggressive marketing and pricing policies.
- Such facilities are being offered in conjunction with other services of the travel industry, particularly for the international convention and conference market. (In 1980, France ranked first in this market, preceding the United States. Paris was first place worldwide for this market, followed by London, Geneva and Brussels.)

Operationally, more efficient management systems are gradually being introduced into France's lodging industry. Tourism administration and professional associations are recognizing the value of data processing training for industry personnel.

René Amirkhanian
Horwath & Horwath France
Paris

From Germany

During 1980, total revenue for Germany's lodging industry increased 6 percent compared with 1979; hotel sales increased 7 percent and restaurant sales 5 percent. The number of guest nights increased only 3 to 4 percent; about 90 percent were domestic and 10 percent were foreign guests. The number of foreign guest nights increased 9 percent in 1980 compared with 1979. In 1980, the number of guests from the Netherlands rose 5 percent compared with 1979; Great Britain, up 20 percent, and the United States, up 26 percent.

Due to rising energy costs, Germans are less likely to spend holidays abroad. As a result, hotels in Germany's tourist areas are expected to offer domestic tourists more amentities, such as facilities for tennis, sailing or minigolf.

Increasing operational costs are affecting hotels, and new computerized technology will be used to cut down on costs in such areas as reservations and storeroom controls.

Growth in the nation's lodging industry is expected to continue during 1981 but at a slower pace, even though economic development in Germany continues to decline. New luxury and first-class hotels, as well as medium-size hotels with modern facilities, are being built. This trend possibly could reduce average occupancy rates and profits.

Kurt Gelbert
Horwath & Gelbert GmbH
Frankfurt am Main

From Greece

In 1980, tourist arrivals in Greece totaled 5.2 million, an alarming decline of 9 percent compared with 1979. As expected, North American visitors registered the most dramatic decrease—52 percent compared with 1979—but the decline was cushioned by large increases in visitors from the United Kingdom (up 37 percent) and West Germany (up 26 percent). Tourist receipts in the 11 months to November 1980 were up 10 percent compared with the same period in 1979, as opposed to an annual inflation rate of more than 20 percent.

Athens bore the brunt of the reduction in visitors. Principally affected were deluxe and first-class hotels, and Piraeus shipping companies suffered a decline in the number of Aegean cruise passengers. Heavy pollution and road traffic added to the problems in the Athens area. Now that there are more direct charter flights to the principal

resort islands, Athens is increasingly bypassed by air travelers. Despite these trends, there is a significant increase in the supply of international-class hotels. A 640-room Inter-Continental Hotel is due to open shortly and a 200-room Meridien recently opened; a number of other projects are either under construction or planned.

In contrast to the problems in Athens, the established island destinations of Crete, Corfu and Rhodes have maintained their demand levels. However, the islands' traditional problems remain—excessive seasonal peaks, overused tourism infrastructure and a shortage of quality accommodations.

To date, the entry of Greece into the EEC (European Economic Community) seems to have had little effect on the tourism industry. We expect further comment on this subject in the near future.

Dermot C. A. Mathias
Horwath & Horwath (U.K.) Ltd.
London

From the Republic of Ireland

Despite a marginal decrease in 1980, tourist arrivals to the Republic of Ireland increased 34 percent between 1975 and 1980. The country has suffered from the general world recession and has been further affected by political unrest in Northern Ireland. However, tourism from Great Britain and Northern Ireland has been stimulated by the devaluation of the Irish pound against the pound sterling.

The national tourist board (Bord Failte) is confident that there will be significant growth in the next five years and is forecasting a further increase of 25 percent between 1980 and 1985, with the most significant growth in tourist arrivals coming from continental Europe.

Principal demand generating countries during 1980 were Britain, 47 percent of tourist arrivals; Northern Ireland, 25 percent; the United States, 10 percent; Germany, 3.9 percent, and France, 3.7 percent. Visitors from the U.S. contributed the most to Ireland's earnings from tourism.

There was a decrease in average annual room occupancies, from 52 percent in 1979 to 46 percent in 1980, according to Bord Failte statistics. Demand is very seasonal, particularly outside the major population centers; many hotels close during the winter. However, these statistics do not reveal the relatively buoyant hotel demand in major destinations such as Dublin, Cork and the Limerick-Shannon area.

Major international hotel companies are conspicuous by their absence in Ireland, with only Trust Houses Forte represented. Such companies find it difficult to justify new investments given the relatively low average room rates for hotels in Ireland. However, the food and beverage facilities in Ireland's hotels account for an unusually high proportion of total operating revenue. Also, hotel rooms tend to be constructed in a utilitarian style, thus reducing construction costs.

We believe Ireland currently offers attractive market opportunities, which, if coupled with sensible financing, could present a real investment opportunity.

Harry Boland
Horwath, Haughey,
Boland & Company
Dublin

Martin Gerty
Horwath & Horwath (U.K.) Ltd.
London

From Italy

Final statistics relating to Italy's tourism industry during 1980 confirmed what was expected: The decline in domestic tourism was not compensated for by an increase in foreign tourist arrivals. As a result, the country's hotel industry experienced a decline in occupancy and hotels generally reported a decrease in profits.

An improvement in hotel occupancy is anticipated during the second half of 1981 as a result of the devaluation of the Italian lira. Hotel rates are expected to be far more competitive than at the beginning of the year.

There is a renewed interest in hotel investment. Some new properties have been opened and several older properties have been rehabilitated.

Massimo de Rosa
Horwath & Horwath Italia sas
Rome

From the Netherlands

Initial statistics reveal that the Dutch hotel industry had a reasonably good year during 1980. Total guest nights increased, with the larger properties gaining ground at the expense of small hotels.

For the first time since 1973, a real increase in foreign tourist income was reported by the national bank, although the Dutch managed to increase their own foreign tourism spending so that the tourist balance of payments gap widened more.

After several years of investment in provincial properties, it is not surprising to learn that guest nights in the provinces have been increasing. Furthermore, efforts to extend the summer season are having an effect, with the share of mid-season guest nights increasing and the high season share decreasing.

More detailed guest statistics, published by The Hague City Council, reflect a modest increase in total guest nights, with the top range of hotels showing a substantial increase of 4.1 percent. Although a move from first-class center city properties to first-class coastal properties did take place, it was relatively limited. Thus, the latter are relying to a greater extent on the new markets for which they were intended.

The Hague's most disappointing statistic, and the one that probably will cause the officials of all European tourist organizations a headache, is the decline in guests from the United States. In The Hague, the decrease was 16.6 percent, or 15,000 guest nights.

Although reports about and plans for new properties in Amsterdam frequently arise, no significant investment has been made. With average income before fixed charges percentages still struggling at about 20 percent, it is difficult to foresee an improvement in the investment market.

Crest Hotels consolidated its lead as the largest hotelier in the country following its parent company's acquisition of the group, which included Centre Hotels.

We are cautiously optimistic about 1981. Although the business recession continues to worsen, Dutch inflation is still very modest and the guilder has weakened against sterling and the dollar. Holland's hotels have become very price competitive and that is always a good start in attracting customers.

J. A. Wilson
Reyn, de Blaey en Co.
Amsterdam

From Norway

The number of hotel guests in Norway increased 5 percent in 1980 compared with 1979. The average rate of occupancy was 57 percent, the same as in 1979. Thirty-three percent of the guests came from other countries compared with 34 percent in 1979. There was an increase in the number of visitors from Great Britain, up 10.6 percent, and Germany, up 4.5 percent. However, there was a 5 percent decline in the number of guests from the United States.

The conference market represents 20 percent of total sales and is a major source of income for many hotels.

The Norwegian hotel industry had a fairly satisfactory year during 1980. The industry initiated domestic promotional campaigns. Hotels in the mountains, for instance, have tried new marketing ideas to attract Norwegians. So-called "theme weeks" have been arranged, such as "Spend a week with us and let a tax expert help you with your tax return" or "Come and have a slimming treatment together with . . ."

Due to the increasing cost of travel abroad, more Norwegians are expected to spend their vacations in Norway or the Nordic countries.

The outlook for 1981 is slightly optimistic.

Olai Lorange
Lorange og Braende
Oslo

From Portugal

A relatively stable political climate combined with the devaluing escudo makes Portugal an attractive destination for vacationers, despite the current inflation rate of about 17 percent. In an effort to achieve a level of price stability, major hotels, particularly in Lisbon, quote rates in U.S. dollars and then use the effective daily rate of exchange for billing in escudos.

In 1980, foreign visitor arrivals to Portugal exceeded 6.9 million, a 32 percent increase compared with 1979. This was the largest number ever to visit Portugal. Provisional results for 1981, reveal a further significant increase in tourist arrivals. However, analysis and comparison of the main countries of origin of foreign visitors reveal that Spaniards dominated the market (72.4 percent). In 1978, Spanish visitors accounted for 52.4 percent of foreign visitors. The significant increase in 1980 could be due to the relaxation of passport controls between the two countries. Excluding arrivals from Spain, visitors from all other countries increased approximately 9 percent in 1980 compared with 8 percent in 1979.

Foreign tourist arrivals in Portugal follow a seasonal pattern. In 1980, about 50 percent of the annual total arrived during the four months from July through October. However, this figure is lower than in previous years, with the consequent increase in the distribution of arrivals occurring at the beginning of the year in particular. The national tourist organization is currently promoting Portugal's resorts as winter destinations and also attempting to attract the summer influx of tourists to other areas in Portugal, particularly to the north. In 1980, severe problems were experienced in the Algarve during the peak summer months.

The massive increase in visitors to Portugal during the last four years has caused many international hotel groups to renew their interest in Portugal, particularly in the Algarve, Lisbon and Porto. In Lisbon alone, the supply of first-class accommodations is expected to increase by more than 40 percent (about 1,150 rooms) by 1985.

Assuming continued political stability, the only constraint on attracting increasing numbers of foreign tourists to Portugal is the expansion and improvement of tourist infrastructure and superstructure to cope with the increasing numbers.

Humberto Leal
Cienta Lda
Lisbon

Geoff S. Parkinson
Horwath & Horwath (U.K.) Ltd.
London

From Spain

The 12 percent decline in tourist arrivals in Spain between January and June 1980, which we reported in *Worldwide Lodging Industry Midyear Commentary 1980-1981*, was counterbalanced by increases in July and August (1.2 million more visitors than in August 1979). Thus, the year ended with only a 2 percent decrease in arrivals.

Income from tourism in 1980 was US$7 billion, an increase of only 7.5 percent compared with 1979. This is a significant decline in real terms, since the annual rate of inflation was about 16 percent.

During 1980, the most significant market decline was in the number of arrivals from Scandinavia: Swedish arrivals decreased 26 percent; Danish, down 20 percent; Finnish, down 32 percent, and Norwegians, down 18 percent. As reported previously, the principal area affected by the decline in tourism was the Costa del Sol region of southern Spain, excluding the fashionable resort of Marbella. Spain's islands also experienced significant declines in demand: arrivals in Majorca were down 5 percent; Tenerife, down 16 percent, and Grand Canary, down 10 percent.

It is often appreciated that fewer than one-quarter of the overseas visitors to Spain arrive by air. In 1980, border crossings accounted for two-thirds of all arrivals, which, together with rail passengers, represented three times the number of those arriving by air. For 1981, there is likely to be a significant increase in coach and other road (and even rail) traffic from France, Belgium, Germany and the United Kingdom, particularly to the Costa Brava. Increasing fuel costs for air travel and the emergence of more independent travelers are the reasons for the increase in surface travel, which also provides tourists with more direct control over their spending levels.

The number of Spaniards traveling abroad increased 7 percent in 1980. Official statistics reveal that border crossings (with France and Portugal) dropped 6 percent (although it should be noted that the corresponding Portuguese statistics show an overall increase of 44 percent in border crossings by Spaniards). Spanish air passengers traveling abroad increased 18 percent. Nevertheless, tourism contributed a net US$5.7 billion to the Spanish exchequer, an increase of 3 percent compared with the previous year.

Spanish officials are worried about the prospects for the 1981 tourist season. After a year of continued terrorist activity over the question of regional autonomy, culminating in the abortive military coup in the Spanish Parliament building in February and the bank hostages incident in Barcelona in May, some overseas tourists inevitably will be deterred from visiting Spain. In many European countries, including Germany and the U.K., holi-

days to Spain are being offered at prices below those of 1980—one result of the growing strength of the dollar and sterling against the weakening peseta.

To increase spending by overseas visitors for certain goods, the Spanish Government recently introduced a 10 percent discount scheme for tourists' purchases in excess of 10,000 pesetas (US$110), which will be refunded once proof of export is obtained. In addition, to promote tourism abroad, the tourism budget has been increased 40 percent. Compared with the overall benefit that Spain receives from tourism, the expenditure for tourism promotion is minimal—0.2 percent of the state budget in 1981, which represents less than 1 percent of the foreign earnings from tourism in 1980.

In addition to tourism promotion, efforts are being made to improve the quality of the tourism infrastructure. Recognizing the importance of tourism, the government has developed a four-year plan to improve the tourism infrastructure, which represents an investment of 32 billion pesetas (US$360 million). Only then will Spain be able to regain its former reputation as a premier tourist destination.

Jonathan A. Bodlender
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London

From Sweden

Occupancies declined slightly in Sweden's hotel industry during 1980 compared with 1979, the result of an increase in capacity during a period when total demand was static.

A general strike in May 1980 seriously affected the hotel, restaurant and travel industries. However, because of the strike, the slowdown of the Swedish economy and rapid cost increases for traditional charter holidays (notably to Spain) many Swedish tourists preferred to stay in Sweden rather than travel abroad.

In Stockholm, many hotels took advantage of this opportunity and offered special packages with few restrictions and attractive prices. In Gothenburg, hotel owners successfully attracted Norwegian tourists during the summer months and weekends. As a result, room occupancy rates in many hotels were high during the traditionally weak summer period despite a considerable loss in guest nights from some important foreign markets, notably the United States (the number of hotel guests from the U.S. declined 13 percent in 1980). There was a strong demand from business travelers in the autumn.

Currently, there is considerable interest in investing in hotels in Stockholm. Room occupancies are still high in leading hotels and average room rates have increased faster than the general price level, making the potential greater for economically viable hotel developments in Stockholm.

The Swedish Tourist Board and regional tourist boards are intensifying the programs that promote Sweden as a holiday destination, primarily on the home front. Packages are created together with hotel operators, the railways, domestic airlines and car rental firms. The tourist boards sponsor a series of booking agencies that file most Swedish hotels in a central computer. The program is designed to make it as easy for a Swedish family to buy a packaged holiday in Sweden as it is to purchase a charter trip to the Mediterranean. The concept has been praised and reportedly helps smaller hotels and tourist destinations to reach larger markets. But the organization also has been criticized by many tourist industry officials, who claim that it will constitute unfair subsidized competition to already existing retailers and tour operators.

A new concept in time-sharing and multiownership is being introduced in some regions of Sweden. Time-sharing developments are being designed with recreational facilities, as well as amenities for conferences and meetings. During the summer or peak winter sport season, units are sold to private individuals; during the rest of the year, the facilities are marketed and sold to companies.

Kai Ringenson
Horwath & Horwath Sweden AB
Stockholm

From Switzerland

The success of the summer season in 1980 halted the decline in summer tourism that began in 1972. This turnaround resulted from the large number of foreign tourists, who came mainly from Germany (34.7 percent), the United States (11.1 percent), France (7.4 percent) and Holland (7.1 percent). About 30 percent of all guest nights each month were registered in regions surrounding lakes and mountain resorts in the larger cities of Basel, Berne, Geneva, Lausanne and Zurich.

Tourism increased throughout 1980, the best year for tourism in the past 10 years. The number of guest nights rose 12.6 percent over 1979 to about 73 million for the entire lodging industry. The average duration of tourist visits increased slightly compared with 1979.

As a result of the early, heavy, continuous snowfall during November 1980, even remote villages reported increased activity. Motels reported 1.23 million guest nights, an increase of 3 percent compared with November 1979. During December, motels registered 2.09 million guest nights, exceeding the 1972 record by 5.5 percent. The cantons of Valais and Grisons were particularly successful as a result of the new tunnel through the Saint Gotthard. Many Italians traveled the shortened way to Grisons.

Experts attribute the success of 1980 to the improved rate of exchange, the comparatively small increase in prices, increased publicity and the central location of Switzerland.

Despite this success and the increased turnover, the profit margin in the lodging industry is still small. Income is not sufficient to offset the increasing costs of food, beverages and salaries.

The outlook for summer 1981 is generally optimistic. Some cantons have concentrated on preparing programs to advertise their unique attractions. Valais has organized walking tours and is increasing the variety of sports it offers. The central part of Switzerland is attempting to attract group travelers from the U.S. and the Far East. The Italian speaking canton anticipates a record season.

Meanwhile, several problems are becoming more apparent: the requirements for profitability endanger cordiality and hospitality, which are sine qua non for tourism.

The outlook for growth in the Swiss hotel industry generally is not promising. Experts indicate that due to the lack of profitability, high personnel costs and the saturation of the market, the supply of accommodations will not increase

substantially by the year 2010. Extensive renovations will have to be undertaken on many hotel buildings.

Room rates are expected to increase 5 percent in 1982. Skillful marketing (especially in the hotel restaurant business) and special offers are being tried to offset the effects of the rate increase. Japan, the U.S., Canada, Australia and South America have been designated as future target markets.

Ruedi F. Fleischmann
Horwath, Treuhand & Revisions AG
Zurich

From the United Kingdom

Any comments about the United Kingdom's lodging industry must be related to the country's general economic conditions, and there is little optimism about the current state of the U.K.'s economy.

As anticipated in *Worldwide Lodging Industry Midyear Commentary 1980-1981*, total tourist arrivals in the U.K. during 1980 declined 1 percent to 12.4 million compared with 1979, despite changes in the types of visitors, which included increases in business travelers and tourists visiting friends and relatives.

During 1980, the number of visitors from EEC (European Economic Community) nations increased 2 percent and those arriving from countries not in Western Europe and North America increased 1 percent. The number of North Americans declined 4 percent, while visitors from the "rest of Europe" decreased 7 percent.

The most recently available figures for 1981 also are not very comforting. They reveal a 10 percent decrease in the number of overseas visitors to the U.K. in the first quarter of 1981 compared with the same period in 1980. There was a decline in the number of visitors from all areas. The largest decreases were registered in the number of visitors from EEC nations (down 12 percent) and from countries not in North America and "other Western European countries" (down 15 percent).

So far, there is a trend by overseas tourists to trade down their accommodations, as well as an increasing use of self-catering accommodations. Also, a larger proportion of overseas visitors are staying in the houses of friends and relatives rather than other types of accommodations. According to the British Tourist Authority's recently published *Five-Year Strategic Plan*, half of all nights spent by foreign visitors in Britain are now being spent in private homes.

Unemployment and competition from inexpensive foreign holidays have resulted in the prediction that 1981 could be a difficult year for domestic tourism. The effects on serviced accommodations and hotels are likely to be quite noticeable.

The hotel industry fared badly in 1980. In England, for example, English Tourist Board estimates reveal a decline in bed occupancy from 44 percent in 1979 to 41 percent in 1980, and room occupancy decreased from 52 percent in 1979 to 50 percent in 1980. The decrease was more severe in London where overall room occupancy declined to 59 percent, which was significantly higher than for England as a whole.

Paradoxically, a recently completed survey revealed that the industry has not suffered from the recession as much as many had supposed. The report indicated that a sample of 60 leading U.K. hotel companies increased total turnover about 36 percent during a three-year period to early 1980, while at the same time increasing profits by about 71 percent. For the same sample, average profit margins increased from 7.7 percent to 9.7 percent, and the average return on capital increased from 9.4 percent to 11.4 percent. Although sales and profits may have declined throughout the industry as a whole (and this certainly will have been the case in 1980), the decline is nowhere near the level experienced in a large number of manufacturing industries. In contrast to the mid-1970s, the hotel industry was sufficiently well managed to be prepared financially and otherwise for the downturn. It is significant that it has been almost the only industry in the country free of major insolvencies.

In many cases, high interest rates have been the prime cause of decreasing profits. In a large number of instances, the decision to carry out major improvements to existing hotels also has been a principal factor. This course of action often has been allied with a rigorous marketing campaign.

Thus, when the economy improves and demand levels increase, many U.K. hotel groups will be in a strong position with modern, renovated hotels and well tested marketing approaches.

The reliance on traditional, passive markets is being questioned and some of the fun elements of hotels, catering and tourism are reemerging. The "Swinging Britain" of the 1960s could be relaunched. For example, the English Tourist Board's 1982 "Maritime England" campaign, with more than 2,000 events already planned, is expected to be a stunning success.

Another effect of the current recession is that rapidly rising real estate taxes, energy costs and the National Health Insurance portion of payroll expenses have made it necessary to generally review and closely examine ways to streamline operations and rationalize expenses. One obvious area is staffing. For too long, traditional staffing arrangements involved a fixed number, which never varied. Now, strenuous efforts are being made to match staffing levels with anticipated demand.

According to British Tourist Authority estimates, the number of overseas visitors is expected to increase 2 to 3 percent, EEC markets will expand and there will be a recovery from the setbacks in demand by U.S. visitors that occurred during the last two years. The hotel industry will meet these developments with greater productivity and modern facilities, and assume an increasing role in the country's invisible export earnings sector.

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Geoff S. Parkinson
Horwath & Horwath (U.K.) Ltd.
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Latin America

(Comments for Latin America were compiled by Eliberto J. Gracia, Horwath & Horwath International's coordinator for the area, together with Michael A. Stein and Juan Tejera, all based in the Miami office of Laventhol & Horwath. Additional input was provided by HHI member firms in the area.)

From Argentina

Argentina's hotel industry is at a virtual standstill due to the economic conditions of the country. According to the larger international hotel chain developers, inflation has driven construction costs to prohibitive levels, about the highest in the hemisphere. In 1980, room rates at the existing properties increased more than 20 percent over 1979, and are projected to increase 15 to 20 percent in 1981 (all increases are based on the real value of the U.S. dollar). Occupancies at major lodging facilities have remained at the same levels as in 1979, in the mid-70 to mid-80 percent range.

Jorge A. Pestarino
Cánepa, Pestarino, Nazer
y Asociados
Buenos Aires

From Brazil

The two primary commercial/tourist cities, Sao Paulo and Rio de Janeiro, experienced an increase in the supply of lodging facilities in 1980 and, as a result, a slight decrease in overall occupancy. In Sao Paulo, the country's commercial center, the first-class properties maintained occupancy percentages in the 70s and 80s, while the smaller second-class facilities experienced a moderate drop (partly brought on by the additions to the hotel supply) of about 5 and 10 percentage points compared with 1979. In Rio, the principal waterfront properties experienced an average annual occupancy of about 70 percent notwithstanding the addition of the 418-room Rio-Palace on Copacabana Beach.

Brazil's hotel infrastructure in other cities is limited. However, a number of projects are currently being studied for various commercial ports and government seats, e.g., Brasilia. The Meridien chain has opened a first-class facility in Bahia, the first international operator outside Sao Paulo and Rio.

For 1981, occupancy and room rates are projected to increase about 5 and 15 percent respectively.

Salvador F. Conti
Soteconti Auditores
Independentes S/C
Sao Paulo

From Central America

During 1980, hotel operations in Central America did not produce outstanding results. The area is plagued with political and civil unrest and even countries that are not directly involved (Panama, Costa Rica, Honduras) are indirectly affected by the problems of neighboring countries.

Occupancies for the area were low. Some new properties are experiencing low occupancies and are struggling to meet their debt service, while some of the older properties are relying on business travelers.

Tourism to the area is limited. The infrastructure is practically nonexistent and press reports emanating from the problem areas are affecting the entire region.

Overall, 1980 was a weak year and the prospects for 1981 are not encouraging.

Eliberto J. Gracia
Juan J. Tejera
Laventhol & Horwath
Miami

From Chile

Due to world economic conditions and border disputes with neighboring Argentina, the hotel industry in Chile suffered a decline in 1980 of about 10 to 15 occupancy points compared with 1979. Occupancy levels in 1980 averaged between 32 and 35 percent nationwide, while metropolitan area hotels achieved between 56 and 60 percent occupancy. In 1981, room rates are projected to increase between 20 and 50 percent over 1980, with the largest increases attributable to the opening of several first-class properties. These and other hotel projects still underway are a result of a government policy that promotes tourism. The concept of high quality budget hotels is currently being investigated by developers.

Recent progress toward settlement of border disputes and inauguration of several new international airline routes support local expectations of increased tourist activity in the near future.

Ramón A. Espejo F.
Ramón A. Espejo F.
y Asociados Ltda.
Santiago

From Colombia

New room rates were approved by the government during 1980. Despite the rate increases, 1980 can only be categorized as a good year for Colombia's hotel industry. Operating results in Cali and Cartagena were not as expected. Cartagena's hoteliers hope to improve their situation during 1981.

The La Fontana Hotel in the Unicentro Shopping Center recently opened and the Cartagena Hilton opened in December 1980. Construction will begin soon on the 610-room addition to the Bogota Hilton, the city's premier hotel. Both Hilton projects are under the able direction of Hilton International's area director, José L. Zabala. Also under construction is the Tequendama's addition of 300 apartments, which are supposed to be sold as hotel rooms.

Because of its relatively close proximity to major North American markets and favorable rates, Colombia continues to be one of the best tourist buys in the hemisphere.

Eliberto J. Gracia
Michael A. Stein
Laventhol & Horwath
Miami

From Ecuador

Because of Ecuador's natural attractions, tourism from the United States and Europe continues to increase. In 1980, an increase in domestic tourism resulted in the demand exceeding the supply of rooms in Quito and Guayaquil, even though three new hotels were opened in Guayaquil. Several hotel projects by international chains are pending.

Roger S. Bonnefil C.
Juan Seif y Asociados Cia. Ltda.
Quito

From Mexico

Hotel rates increased 30 percent in 1980 compared with 1979, and are

expected to increase by the same rate in 1981 due to the current annual inflation rate of 30 percent. The average hotel occupancy has decreased slightly compared with 1979 due to higher hotel rates and the recession in the United States, which still accounts for 85 percent of foreign tourist arrivals in Mexico.

The total number of visitors to Mexico increased only about 1 percent in 1980 compared with 1979. The actual total for the year is 4,144,576 visitors. Visitors arriving by air declined 3 percent during 1980 compared with 1979.

While most convention business has been limited to the domestic market, there are plans to build convention centers in Mexico City and other important cities. It is anticipated that such facilities would entice convention business from the United States in view of a new U.S. law authorizing the deduction of expenses incurred at conventions in Mexico and other foreign countries.

There has been a notable increase in the number of restaurants, mostly cafeterias such as Vips, Liny's and Denny's.

New hotels are being planned throughout Mexico by such hotel chains as Quality Inns, La Quinta, Rodeway Inns, Casteles and Econoteles. The government is facilitating credits through FONATUR for the construction of new hotels, with preference being given to the development of new facilities in Baja California and Cancun.

F. Germán Maldonado
Maldonado y Asociados
Mexico City

From Uruguay

Several economic indicators confirm Uruguay's slow but consistent economic growth during the past five years. Governmental receptiveness to industrial development and unrestricted foreign exchange policies are making Uruguay attractive for investments in the leisure time industries.

Occupancies in commercial hotels in Montevideo, the capital city, have ranged between 60 and 70 percent during 1980. Tourist-oriented hotels experienced wide fluctuations in occupancy, operating near capacity during the summer months but dropping to between 30 and 50 percent in the off-season. Some hotels in Punta del Este, Uruguay's major beach resort area, actually cease operations during the winter months. Although guest room availability in Montevideo has been stagnant since 1961, several hotel chains have been exploring the possibility of establishing facilities in that city. There are no international hotel chains currently operating in Uruguay.

Eliberto J. Gracia
Michael A. Stein
Laventhol & Horwath
Miami

From Venezuela

In 1980, the demand for hotel rooms in Venezuela was adversely affected by a slight recession due to the effects of the fiscal policy initiated by the new government. Thus, the average occupancy rate in the country's four- and three-star hotels decreased 6 percent compared with 1979. However, in the early months of 1981, occupancy rates generally have increased, indicating a return to the high occupancies of past years. Average room income has risen 19 percent as a result of rate increases authorized by the government (Corpoturismo).

In Caracas, about 1,500 new hotel rooms in four- and three-star facilities are under construction, an increase of 47 percent.

The problems associated with obtaining official approval of new projects, building permits and government guarantees to finance such projects still exist. Despite the construction underway, new projects must overcome many difficult hurdles before they can become operational.

Juan Seif
Seif Valeri & Acosta
Caracas

The Middle East

From Egypt

After two years of minimal growth, foreign tourist arrivals in Egypt during 1980 increased more than 1.25 million, a 17 percent increase compared with 1979. However, the average length of stay in 1980 decreased to 6.5 days. Arab arrivals exceeded the 1978 figure after declining during 1979 as a result of political measures at that time. Arrivals from countries belonging to the Organization for Economic Cooperation and Development (OECD) account for the majority of visitors to Egypt. As a result, market requirements and expectations are somewhat different from those of previous markets. Future tourism development is expected to result in an increase in the number of visitors from OECD countries, so such development will be geared to that market.

Cairo is still the gateway city to Egypt. Although it contains the majority of hotel accommodations in the country, international hotel groups are becoming interested in other areas to complement Cairo's increasing room supply, thereby providing more scope for "circuit" tours. It is also now possible for tourists to visit Egypt and adjoining countries without restriction, thus creating opportunities for joint marketing of a number of attractive tourist destinations.

The Egyptian Government has proposed a relaxation of restrictive policies regarding charter flights to Egypt. Egyptair is also seeking special, inexpensive fares and introducing new widebody Airbuses from London.

In 1980, all Egyptian hotels had high occupancy levels—about 75 percent—while hotels in Cairo reported even higher occupancies. However, these levels are expected to decrease as new facilities begin operations, despite the high projected growth rates in demand for Egypt.

As noted in previous editions, hotel development could suffer from a lack of trained manpower. Since Egyptians are a significant part of the work force at hotels in many Gulf states, and earn higher wages there than in Egypt, there is a need to train more hotel personnel at home.

Despite the difficulties associated with the development of the country's hotel and tourism industries, both industries have much potential as foreign currency earners.

Youssef Nabih
Youssef Nabih & Co.
Cairo

Edward J. G. Davies
Horwath & Horwath (U.K.) Ltd.
London

From Israel

During 1980, the number of tourist arrivals in Israel increased 5 percent compared with 1979. Charter flights and more tourist arrivals from Europe contributed significantly to the increase. The number of tourists from the United States dropped slightly, continuing a trend.

Inflation in Israel increased faster than ever before in 1980. It is now more than 130 percent per year. At the same time, the value of the Israeli shekel compared with other currencies, especially European currencies, dropped at a lower rate than inflation. These two factors had a negative effect on hotel operating profits.

Nevertheless, investors continue to be interested in purchasing and constructing hotels, both in Jerusalem and various resort areas. Such development is particularly evident in Eilat, which is becoming an international tourist center especially attractive to northern and northwestern Europeans.

Dan Bawly
Horwath, Bawly, Millner & Co.
Tel Aviv

From Saudi Arabia and the Arabian Gulf States

The boom in hotel construction in Saudi Arabia and the Gulf countries is virtually over. Although some hotels are under construction and some new developments are being considered, particularly in Saudi Arabia, the explosion in the supply of hotel rooms experienced in the 1970s is over.

In recent years, most major cities (and countries) in the area have experienced a swing from a chronic shortage of hotel rooms to an oversupply. The United Arab Emirates, Kuwait, Oman, Bahrain, Qatar and most parts of Saudi Arabia all fit into this category. The effect of this transformation has been interesting. In operational terms, the significance of a prime location and good management is now becoming increasingly apparent. Despite difficult trading conditions, most cities still have hotels that generate high occupancies and average room rates.

However, most hotels constructed in the last two or three years are struggling to support their financing commitments. Aside from Saudi Arabia, most facilities have a high ratio of debt to equity, as well as relatively short-term loans. As a result, there has been a serious burden on cash flows and many companies have been forced to refinance.

The immediate outlook is not promising. In most areas of the world, when there is an overcapacity in the supply of hotel rooms, efforts are made to generate tourist demand. The problem for Saudi Arabia and the Gulf is that there are few intrinsic tourist attractions, although attempts are being made, where possible, to develop a tourist market.

Hotels are therefore forced to rely almost exclusively on business travelers. While some growth in this market can be expected, it is unlikely to match the increase in room supply for a number of years.

Dermot C. A. Mathias
Horwath & Horwath (U.K.) Ltd.
London

North America

From Canada

The Canadian lodging industry began 1980 with a promising outlook. Seven of the nine regions covered in Laventhol & Horwath's *Trend* achieved higher occupancy levels in 1979 than in 1978, and first quarter results for 1980 were generally encouraging. However, growth in accommodations demand moderated during the second and third quarters, with a few notable exceptions. In Vancouver, Calgary and Toronto, hotels had operated at or near their capacities in 1979, and little improvement could be expected in 1980.

Montreal and Halifax were exceptions to the stable demand experienced in other Canadian cities. In Montreal, occupancy levels had been increasing 1 to 2 percent throughout the late 1970s. However, demand began to accelerate in 1979, when a 6.6 percent increase was reported. After a stable first quarter 1980, demand began to increase and occupancy levels were 7.6 percent ahead of 1979 figures by the end of the third quarter.

In Halifax, occupancy levels in the first quarter of 1980 were stable compared with 1979. In the second quarter, occupancy levels began to decline as the impact of a new 200-room hotel became evident. By the end of the second quarter, occupancies were three percentage points behind prior year results. However, third quarter occupancy levels exceeded those of 1979, despite the added supply. Hotels in Halifax operated at capacity during the traditional tourist season (July to October), indicating the presence of unsatisfied demand.

In the fourth quarter of 1980, demand for transient accommodations declined significantly and hotels across Canada reported sharply depressed occupancy levels. In Toronto, demand dropped 6.5 percent; similar declines were reported in all cities covered in L&H's sample except Calgary.

As a result of the depressed demand experienced in the fourth quarter of 1980, annual occupancy levels fell below 1979 results in four cities covered in L&H's sample: Edmonton, Winnipeg, Ottawa and Halifax. To some extent, depressed occupancy levels in these cities can be attributed to supply increases in 1979 and 1980. In Toronto and Calgary, 1980 results equaled those reported in 1979, while Montreal posted a two point increase in occupancy.

Results for the first quarter of 1981 were mixed. Occupancy levels in Montreal and Toronto were marginally lower than in 1980, but demand appeared to be strengthening as the traditional tourist season approached. Occupancy levels in Halifax, Winnipeg and Edmonton were significantly below first quarter 1980 results, again due primarily to supply increases. Occupancy levels in Vancouver and Calgary were also significantly lower than 1980 results, representing the first significant decline in occupancy levels for these cities in more than two years.

The outlook for 1981 is not encouraging. Although most cities should hold ground during the traditionally strong tourist season, it is unlikely that fourth quarter results will be sufficiently positive to bolster the sagging first quarter occupancy levels. As a result, no significant improvement can be expected in annual performance.

Cameron Hawkins
Laventhol & Horwath
Toronto

From the United States

In the United States, occupancy for the first six months of 1981 declined to 68.4 percent, 2.9 percent below the same period in 1980. Total sales for the year are not expected to show any real growth after allowance for inflation. Although pleasure travel may help to pick up the demand for transient housing in the third quarter of the year, business travel is expected to be down until possibly the second quarter of 1982.

The immediate concern of lodging industry leaders is the decline in business travel that occurred at about the same time as a surge in construction that began in 1980 and is continuing in 1981 in several major urban centers. Many large, new, very expensive hotels have opened to substantially less than overwhelming demand. As a result, marketing efforts have been intensified and improved operating methods are being stressed in an effort to increase productivity. For the long term, if industry discovers that much business travel is unnecessary or can be replaced by recent developments in electronic communication, the lodging industry will be affected.

The next few years promise to be very challenging to the ingenuity and innovative capacity of those industries that provide services to the traveling public.

William L. Sommer
Laventhol & Horwath
Miami

The Pacific Region

(Comments for the Pacific Region were compiled by Clarence H. Peters, Laventhol & Horwath, San Francisco.)

UNITED STATES: YEAR TO DATE TREND REPORT (as of JUNE 1981)

	Sales Percentage Change			Occupancy Rate		Double Occupancy Rate		Room Sales Per Occupied Room	
	Total	Rooms	F & B	JUN	% Chg	JUN	% Chg	JUN	% Chg
Totals U.S.	7.8	8.3	6.7	68.4	—2.9	52.6	—	$44.77	11.0
Affiliation:									
Chain	7.5	8.3	5.7	69.4	—2.3	51.1	—0.3	$44.01	10.5
Independent	9.0	8.4	10.0	63.4	—5.7	57.9	0.9	48.59	13.3
Area:									
Northeast	7.7	7.2	8.6	71.0	—3.9	34.7	0.9	$61.51	12.3
Southeast	8.3	8.6	7.7	71.8	—4.1	91.3	—2.1	46.85	13.0
North Central	3.8	4.7	2.1	60.6	—3.5	37.4	1.1	33.15	8.0
South Central	11.7	12.6	9.7	71.1	—1.2	40.6	4.0	44.72	11.9
West	6.3	7.7	3.6	71.4	—0.5	42.7	2.7	39.61	8.3
Location:									
Center City	6.8	6.9	6.6	67.6	—4.5	38.8	0.5	$57.63	12.6
Suburban	8.3	10.8	3.7	69.2	—0.9	41.6	5.1	39.58	10.8
Highway	9.1	9.8	6.9	66.9	—0.9	68.6	—1.4	29.95	10.2
Airport	9.7	9.3	10.5	71.9	—3.8	32.8	—1.5	41.35	9.7
Resort	7.4	7.1	8.0	69.8	—4.9	108.4	—1.3	53.02	12.5
Occupancy:									
Under 59.47%	0.6	—0.4	2.5	52.4	—10.9	53.2	—0.1	$40.99	10.5
59.47% to 72.98%	6.0	6.7	4.7	64.6	—3.8	50.1	—1.9	43.69	10.5
72.98% to 85.06%	9.6	10.2	8.6	72.0	—1.2	48.4	—0.1	43.35	11.4
Over 85.06%	11.8	12.7	9.4	82.1	1.5	60.3	1.9	42.36	10.6
Room Rate:									
Under $24.28	10.6	11.1	5.3	65.6	1.5	55.4	0.7	$19.07	9.6
$24.28 to $32.45	6.3	6.5	5.6	66.1	—1.4	73.2	0.6	29.28	7.8
$32.45 to $41.12	7.0	7.7	5.3	67.4	—2.4	55.8	0.4	37.37	9.6
Over $41.12	8.1	8.6	7.2	70.4	—4.5	45.6	—0.5	59.90	13.1
Size:									
Under 150	10.3	11.3	7.2	68.0	0.2	58.1	2.9	$28.71	10.3
150 to 299	7.2	7.8	5.9	67.8	—2.7	52.9	—1.0	39.75	10.5
300 to 600	9.3	9.7	8.5	69.1	—3.8	61.5	—0.8	53.45	12.7
Over 600	5.8	5.8	5.7	69.0	—5.9	49.5	—0.4	65.23	12.9
Type:									
Hotel	7.1	7.5	6.3	69.4	—3.8	44.6	0.2	$56.09	12.0
Motor Hotel	9.1	9.7	7.6	68.0	—2.4	61.2	—0.6	38.07	10.8
Budget	8.8	9.0	4.6	66.0	—0.3	64.5	—0.4	21.46	9.1

Source: *National Trend of Business in the Lodging Industry*, Laventhol & Horwath

General Comments

The lodging industry in the Pacific Region remains strong, although slight drops in occupancy have occurred in some countries. These decreases have been attributed to an ambitious hotel development program that caused an oversupply of hotel rooms in the primary destinations, increasing airline fares and a trend toward shorter lengths of stay by the various segments of the travel market.

In response to changing travel patterns, hotel chains and tour operators are taking a broader marketing approach in hopes of attracting a greater cross section of travelers. While occupancies are still in the high 80 percent range in some areas, and hotel industry officials are optimistic that they can maintain these levels, none are predicting a return to the previous occupancy levels in the low 90s.

Although room rates have increased as much as 30 percent a year in the primary destinations, it appears that this unusual phenomenon is slowing due to increased competition and greater selectivity by travelers.

Hoteliers and tour operators generally believe that the tourism and travel industries will remain strong and continue to support further hotel development in the region.

From Hawaii

The Hawaiian Islands continue to be affected by an ailing international economy. All the islands have reported substantial decreases in occupancy, resulting in little, if any, growth in room rates and fierce competition among operators for the decreased demand. These reduced operating levels, which began in 1979, have been caused by a number of economic and social factors.

Historically, a large portion of incoming visitors to Hawaii have been travelers from the American mainland, particularly from the Midwestern states. Expenditures for travel, as well as other leisure activities, have been severely limited because of the recession and inflation. In addition, rising fuel and operating costs have accelerated already high airfares to Hawaii. Although the number of Japanese visitors, which also represents a substantial portion of the industry's revenue in Hawaii, has risen considerably, the increase has done little to offset the decline in the Ameri-

market. Industry observers also have reported that Japanese visitors tend to spend less than their American counterparts, which only compounds the problem.

Hotels also face another problem. In addition to occupancies in the high 50 and 60 percent range, increasing competition has risen between condominium owners and hotel operators in the tourist market. Condominium owners have begun offering rates that are significantly lower than many hotels in order to maintain a cash flow. Operators believe that if this trend continues, a number of hotel properties will go out of business. Overall, most industry experts agree that there have been too many lodging accommodations added to the area and marketing has been aimed at a relatively limited portion of the potential demand.

Consequently, many operators are now placing emphasis on the free and independent traveler (F.I.T.) and on attracting visitors from other Pacific and international locations. Hoteliers anticipate that this new marketing outlook will reverse, or at least reduce, the current trend of declining occupancies and revenue.

From Hong Kong

Hotel occupancies are down one to two percentage points in Hong Kong, although industry officials consider it to be one of the most desirable locations in the Pacific Region. The slowdown is attributed to the following factors:

- A 37 percent increase in 1980 room rates compared with 1979.
- Historical full-house situations during peak times have discouraged potential visitors.
- A shorter length of stay by most travelers.

Although hotel operators are somewhat concerned about the decreases, it is generally believed that room rates will now increase more slowly and that occupancies will stabilize in the mid- to high-80 percent range, despite an increasing supply of guest rooms.

Hotel openings during 1980 included the 625-room Regal Tshimsatsuie Hotel, the 403-room Regal Airport Hotel at Kai-Tak, the 600-room Holiday Inn (Harbor View) and the 420-room Marco Polo Hotel. Hotels under construction include the 720-room Shangri-La and the 437-room Royal Garden.

From Japan

Japan's lodging industry continues to grow due to the ever increasing number of incoming visitors. The development of a range of moderate priced accommodations also has contributed to the growth pattern and officials are confident that these trends will continue. Recent hotel openings include a 35-story annex to the 500-room Keio Plaza Inter-Continental in Tokyo. The new addition includes 1,000 guest rooms, two floors of convention and banquet rooms, and a 7,700-square-foot, all-purpose ballroom.

Hilton International has announced plans for a 900-room hotel in Shinjuku, Tokyo, which is scheduled to open January 1, 1984. Its facilities will include seven restaurants and bars, a ballroom that can accommodate up to 1,000 guests for banquets, an indoor swimming pool and an executive fitness center.

Hotel openings in Japan during 1980 include the 1,200-room Prince Hotel (Tokyo) and the 800-room Century Hyatt (Tokyo). Hotels under construction include the 560-room Kobe Portopia Hotel (Kobe), the 340-room New Otani Sapporo (Hokkaido) and the 203-room Holiday Inn (Yokohama).

From Korea

Despite the negative effects of the political unrest that occurred in Korea last year, the tourism industry has slowly recovered. The number of incoming visitors has slightly but steadily increased in recent months compared with the previous year. As international travelers have become less apprehensive about the country's political stability, Korean officials have resumed a positive outlook for the industry. They have reinstituted aggressive marketing programs designed to recapture demand from historically lucrative segments of the travel market, such as Japan and Singapore, as well as to focus on new markets, such as Taiwan and Hong Kong.

Recent hotel openings in Seoul include the 600-room Dongwoo, the 557-room Hilton International, the 310-room Olla Hotel and the 300-room Chungmun Hotel.

From Macau

Although previously considered a secondary tourist market because of its proximity to Hong Kong, Macau is emerging as a major destination for foreign travelers. In response to the increasing number of incoming visitors, several major hotel projects are under construction or proposed. Optimistic that the tourism industry will continue to grow, government officials have begun to relax cumbersome building restrictions and conditions that have, in some instances, impeded new development.

The government has approved construction of a 1,000-room luxury hotel on Macau's outer harbor to be developed by Macau International Hotel Company. Holiday Inns also will operate a 450-room resort currently being built on Coloane Island, with completion expected in 1983. Other hotels under construction include the 496-room Macau Excelsior and the 400-room Macau Viliage.

People's Republic of China

The promotion of an increasing number of tour packages to China and other points in the Orient from the United States has resulted in the steady decline in the cost of visiting the People's Republic of China. This has served to broaden China's appeal to travelers visiting other primary destinations in the Orient, such as Hong Kong, Japan and Singapore.

The Chinese Government is eager to encourage such promotion and is taking steps to enhance its tourism and lodging industries. Plans have been announced to upgrade and expand the existing Kunming Hotel in Kunming, Yunan, and the Jinjiang Hotel in Chengdu, Sichuan. The expansions will consist of 250 and 270 rooms respectively, and will include refurbishing of existing rooms, as well as installation of modern heating and air-conditioning in each property. Other hotels under construction include the 1,009-room Zhancheng Hotel in Beijing and the 200-room Hot Spring Resort at Iong Mak.

From Taiwan

Following a slight decrease in incoming visitors during 1980, Taiwan officials are placing greater emphasis on attract-

ing visitors to various points outside Taipei, the capital city. This new approach highlights such destinations as Taroko Gorge in the east, the mountain resorts of Wulai and Sun Moon Lake, and Yehliu Park on the north coast.

Hotels recently opened include the 800-room Lai Lai Shangri-La and the 420-room United Hotel, both in Taipei. Hotels under construction include the 986-room Asia World Plaza and the 666-room Howard Plaza. ■

The Worldwide Lodging Industry Report

by

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Introduction

The 1981 edition of *Worldwide Lodging Industry* marks the 11th anniversary of this report. Continuing the successful expansion of the scope and depth of the analysis begun in 1979, detailed breakdowns of departmental revenue and expenses are presented. In addition to the information for the 13 regions and nine subregions covered in previous studies, the report contains amounts and ratios for eight separate categories plus the breakdown by international ratings—luxury and first class. Also, medians and quartiles are shown for most amounts and ratios, while arithmetic means are used in selected schedules. The medians and quartiles enable the analyst to make comparisons with a range of data.

Breakdowns of operating results include age, size (number of rooms), average rate, occupancy, location, management, type of patronage, volume of food and beverage sales in relation to room sales, and a special analysis of those hotels reporting net income and those reporting net losses. The breakdown for average rate was shifted upward in 1980 from those presented in 1979 to account for inflation. Therefore, throughout the text when figures are shown for average rate the following rates apply to each group:

	1980	*1979*
Group 1	Under $40	Under $30
Group 2	$40.00—$54.99	$30.00—$44.99
Group 3	$55.00—$70.00	$45.00—$59.99
Group 4	over $70	$60 and over

The terminology used and the account titles are based

on the seventh revised edition of the *Uniform System of Accounts for Hotels*. An explanation of the terms and bases used is given in Appendix 2 (page 100).

All amounts in the report are in 1980 U.S. dollars converted at a rate that is the average of the rates for the four quarters of 1980, according to the International Monetary Fund. Dollar amounts are shown on a per-available-room basis to eliminate differences due to the size of the hotels. Ratios to total sales and to room sales are used wherever appropriate. Except where noted, all amounts and ratios are medians and quartiles and do not necessarily add to the totals shown. Each line item has been analyzed separately and the medians and quartiles are based on the information submitted for that line item only, since all hotels did not report data for each line. Comparisons can be made line by line with the information in the reader's report. The amounts and ratios should not be considered standards for any type of property or for any country or region, but only guidelines for comparison with the operating results of a specific property. They are not an attempt by Horwath & Horwath International to set or conform prices or operating ratios for the industry.

Market data

The percentage of guests from domestic sources continued the upward trend in 1979, climbing nearly 8 percent over the corresponding ratio of the previous year. This trend was also apparent in the percentage of repeat business, which declined in 1978 but rebounded sharply in 1979. The percentage of guests traveling for pleasure continued the downward trend that began in 1976. The ratio of guests traveling for business purposes increased nearly 4 percent, while the proportion of guests who were conference participants or government officals declined. Advance reservations made directly to the hotel increased from 33.1 percent in 1979 to 35.3 percent in 1980. Reservation systems also accounted for a slightly larger share of advance reservations, with travel agents and tour operators losing a portion of their share of the market. The five-year comparison is shown in Exhibit 1.

Exhibit 1
Market Data*
Five-Year Trend—All Hotels

	1980	1979	1978	1977**	1976**
Source of Business					
Domestic	46.1%	42.8%	37.4%	42.5%	37.5%
Foreign	53.9	57.2	62.6	57.5	62.5
Percentage of Repeat Business	40.0%	38.2%	35.7%	37.4%	36.7%
Composition of Market					
Government Officials	6.1%	6.3%	5.5%	5.7%	5.6%
Businessmen	42.0	40.5	40.2	42.0	31.7
Tourists	30.7	30.9	33.5	35.9	41.7
Conference Participants	10.8	12.8	10.7	12.6	10.8
Other	10.4	9.6	10.1	3.8	10.2
Percentage of Advance Reservations	80.0%	79.3%	80.8%	80.6%	81.2%
Composition of Advance Reservations					
Direct	35.3%	33.1%	29.9%	35.5%	30.7%
Reservation Systems	27.4	27.1	24.9	23.2	22.4
Travel Agents & Tour Operators	27.7	28.5	32.3	30.5	34.7
Other	9.6	11.3	12.9	10.8	12.2
Ratio of Travel Agent Commissions to Room Sales	1.8%	1.8%	2.2%	1.6%	2.4%

*Based on arithmetic mean.
**1976–1977 ratios exclude the U.S.

The source of business and composition of the market are shown for the regions in Exhibit 2. The percentage of domestic travelers was greater than that of foreign travelers in six of the thirteen regions, twice the number that showed that relationship in 1980.

Compared with 1979, business travel during 1980

Exhibit 2
Market Data*

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Source of Business						
Domestic	46.1%	16.3%	26.2%	62.3%	31.3%	7.7%
Foreign	53.9	83.7	73.8	37.7	68.7	92.3
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Repeat Business	40.0%	30.4%	34.8%	50.0%	32.1%	62.5%
Composition of Market						
Government Officials	6.1%	10.8%	6.2%	4.7%	1.9%	15.7%
Businessmen	42.0	24.8	46.0	48.0	12.8	53.8
Tourists	30.7	46.3	27.7	19.0	75.8	23.0
Conference Participants	10.8	6.6	7.4	9.3	7.1	1.5
Other	10.4	11.5	12.7	19.0	2.4	6.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Advance Reservations	80.0%	83.4%	72.7%	96.7%	83.9%	60.0%
Compositions of Advance Reservations						
Direct	35.3%	14.9%	28.5%	26.7%	16.9%	13.0%
Reservation Systems	27.4	28.6	29.8	31.0	39.9	42.0
Travel Agents & Tour Operators	27.7	45.1	31.3	24.7	41.6	33.0
Other	9.6	11.4	10.4	17.6	1.6	12.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Ratio of Travel Agent Commissions to Room Sales	1.8%	2.0%	1.4%	1.5%	7.0%	2.1%

*Arithmetic mean.

increased substantially in seven regions and was slightly higher in the Middle East, Europe and Australasia. Only in Africa, Central America and the Far East was the percentage of travelers on business lower than in 1979. The sharpest drop was 45 percent in Africa, where the percentage of tourists rose 65 percent.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
52.7%	15.0%	28.0%	26.5%	76.5%	53.4%	80.4%	62.6%
47.3	85.0	72.0	73.5	23.5	46.6	19.6	37.4
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
40.2%	68.6%	24.0%	29.6%	53.0%	34.1%	48.8%	47.1%
3.7%	3.8%	4.2%	13.1%	8.3%	6.4%	4.8%	6.1%
48.9	37.6	9.7	41.9	40.2	32.7	40.2	69.9
24.3	38.2	75.3	17.7	25.4	47.1	31.9	12.6
12.9	5.3	6.0	6.5	15.7	12.2	17.5	8.0
10.2	15.1	4.8	20.8	10.4	1.6	5.6	3.4
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
83.7%	77.4%	95.3%	71.6%	80.3%	63.3%	76.8%	87.2%
45.3%	18.5%	13.0%	36.6%	40.2%	25.1%	39.1%	54.0%
21.7	32.4	35.0	31.0	25.0	22.3	40.4	28.3
23.8	35.4	41.5	17.9	24.1	43.7	15.5	14.5
9.2	13.7	10.5	14.5	10.7	8.9	5.0	3.2
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1.5%	1.7%	6.9%	1.6%	.9%	3.6%	1.0%	1.0%

Exhibit 3 shows the nationality of guests by region. In 1980, only the Scandinavians moved sharply higher in the rankings compared with where they stood in 1979. The British moved from third to second while the Germans dropped to third and the French dropped from fourth to sixth. Once again the percentage of Japanese travelers declined, dropping from ninth to tenth. The percentage of travelers from the U.S., although dominating the rankings, dropped sharply from the 1979 level following a 9 percent increase in 1979 over 1978. In the past five years, the decline in the percentage of travelers from the U.S. has been more than 15 percent while the portion of British travelers has nearly doubled and those of German nationality have increased by more than 40 percent. Since the table can be used as a guide to destinations preferred by the citizens of the countries listed, it provides information that should be particularly useful in developing marketing strategies. Hotels within a specific region may want to reinforce the attractiveness of their area to nationalities who are already frequent travelers or they may want to market their area to nationalities who do not generally travel to their region.

Profile of the contributors

The age, size and other characteristics, operating results and major changes in revenue, occupancy and income are summarized and illustrated in Exhibits 4 and 5 and the chart on page 29.

Exhibit 3
Nationality of Guests—1979

	Rank		All Hotels	Africa	Asia	Australasia	Caribbean
	1980	1979					
U.S.A.	1	1	22.2%	16.8%	11.1%	12.0%	69.3%
British	2	3	11.3	7.4	7.6	4.7	1.4
German	3	2	10.7	7.9	8.2	3.0	6.1
Other European	4	5	8.4	11.0	6.3	1.7	2.9
Scandinavian	5	10	6.7	1.3	1.3	.7	.8
French	6	4	6.3	19.2	4.6	1.0	.7
Canadian	7	6	6.2	3.0	2.1	1.3	5.3
Other Asian	8	8	4.3	1.8	31.4	6.0	.7
Middle Eastern	9	11	3.9	3.2	3.4	.3	—
Japanese	10	9	3.9	2.5	9.8	6.4	.3
Mexican	11	7	3.3	.3	.9	—	1.1
Italian	12	13	3.1	9.2	2.7	.3	1.9
South American	13	14	2.8	.7	.7	.3	4.7
Australasian	14	12	2.6	.6	5.4	60.7	.1
Other African	15	15	2.0	11.8	2.9	1.0	.6
Central American	16	16	1.4	.7	.5	.3	4.1
North African	17	17	.9	2.6	1.1	.3	—

Exhibit 4
General Profile of Typical Contributor
Based on Various Measures of Central Tendency

Criteria	Category of Typical Contributor
Age	Built between 1960 and 1969
Size	150-299 rooms
Occupancy	70-79%
Average Rate	$40-$54.99
Sales Volume	$6 million-$10 million (U.S.)
Restaurant Operation	Operates a restaurant in which the volume of food and beverage sales is between 75% and 99% of room sales
Other	
Location	Urban
Market	Other than tourist
Rating	First class
Management	Chain affiliated; reported net income before income tax in 1980

Exhibit 5
Highlights*

- Total revenue increased 20.7 percent on a per room basis.
- Room occupancy dropped 5.5 percent to 70.9 percent compared with 75 percent in 1980.
- The average daily rate per occupied room was $49.20 compared with $39.20 in 1979, an increase of 25.5 percent.
- Payroll and related expenses per room rose 35.3 percent from $7,883 to $10,662.
- Income before income taxes increased only 10.7 percent on a per room basis, although sales rose nearly 21 percent. The ratio to total sales dropped slightly to 10.5 percent from 11.4 percent in 1979.

* Based on medians.

					North America			
Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
25.8%	14.6%	20.2%	31.3%	16.3%	21.6%	32.3%	73.1%	19.0%
2.5	16.8	6.1	2.2	18.1	1.1	.8	.9	1.9
4.7	17.1	5.1	1.3	6.2	.8	.6	1.3	3.5
4.2	12.0	5.7	3.2	8.3	.7	1.4	1.3	3.6
—	13.1	1.0	.3	1.2	.6	.1	.2	.9
5.2	7.0	3.3	5.3	6.8	.3	2.2	1.5	3.4
2.3	1.9	2.3	1.0	1.4	72.3	3.9	3.4	3.5
5.7	1.8	22.6	1.5	4.0	.3	.1	.1	.4
.3	2.7	1.8	.5	22.9	.1	—	.6	.4
3.8	3.2	18.6	26.0	4.2	.9	.3	.8	.7
4.5	.4	.4	.2	.2	.3	54.6	7.8	2.0
6.8	3.3	1.5	—	2.9	.2	.2	.4	3.3
12.5	.9	1.4	1.7	1.4	.1	1.7	5.2	54.3
—	2.1	7.7	22.2	.9	.1	—	.3	.2
—	1.5	.4	3.3	1.1	.5	—	.2	.1
21.5	1.0	1.5	—	.3	.1	1.8	2.7	2.7
.2	.6	.4	—	3.8	—	—	.2	.1

Using the various measures of central tendency, the typical contributor is identified and defined in Exhibit 4, and the highlights of the analysis of operating results are set forth in Exhibit 5. The source and distribution of the 1980 worldwide lodging industry dollar compared with the previous year are shown in Chart 1, based on the weighted mean of the responses to the questionnaire. Although room rates were sharply higher, lower occupancy and double occupancy resulted in a slightly smaller portion of the dollar coming from room sales. Departmental expenses, energy costs and property operation took larger portions of the expense dollar, while most other operating expenses and fixed charges remained stable. The ratio of income before income tax to total sales dropped by nearly 6 percent.

Performance measurements

The median total sales per available room for the entire sample increased by nearly 21 percent in 1980. Sharp increases were recorded in Africa, Asia, Australasia, Central America, Mexico and the United States, while hotels in the Far East and Canada reported only slightly higher amounts. Although hotels in the Caribbean had substantially higher income before fixed charges, that was the only region in which a net loss before income tax was

(Continued on page 30)

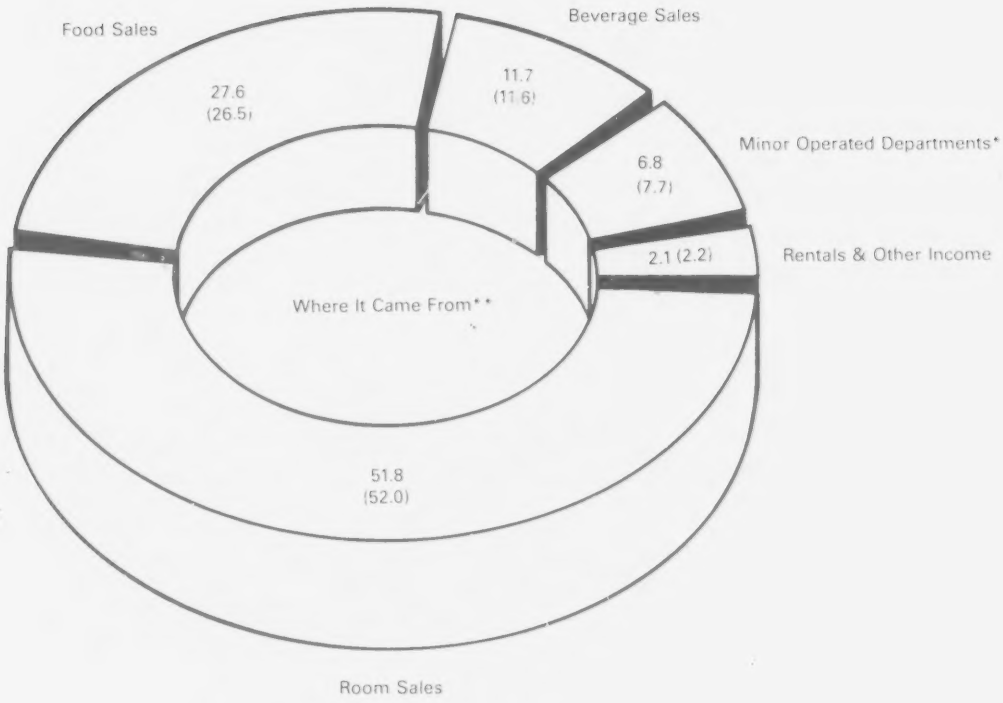
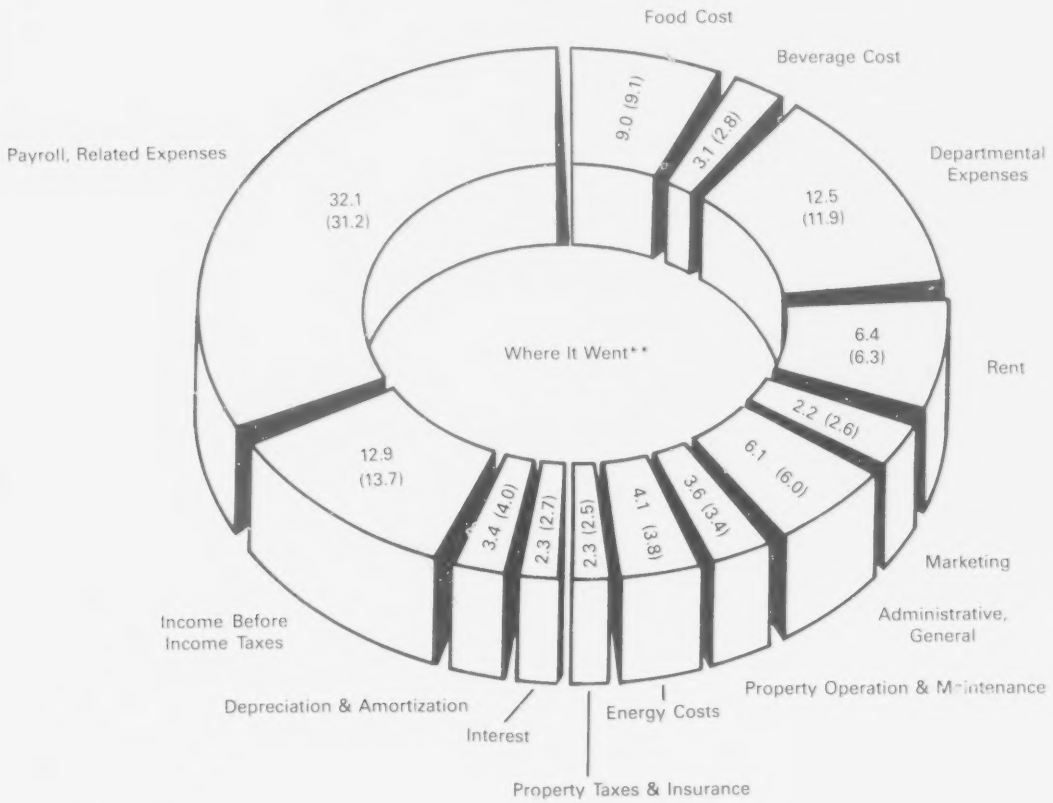


Chart 1: International Hotels
Percentage Distribution of Revenue and Expenses



*Including Telephone.
**1979 Percentages in Parentheses.

(Continued from page 28)

reported. Overall, income before taxes per available room increased 11 percent, from $2,368 in 1979 to $2,621. The comparison of total sales and income is shown in Exhibit 6. Similar amounts per room are shown in Exhibit 7 for eight categories based on selected criteria such as age, size, rate and occupancy.

Total sales per available room were higher in every category although the rate of increase was not uniform. For example, the newer hotels and those with 300-600 rooms showed lower increases than the smaller and older properties. The group with occupancies below 50 percent showed a net loss before taxes, the only group to do so, although in several categories the income per available room before taxes was below the amount reported for 1979.

The ratio of income before fixed charges to room sales and to total sales, and the number of times the

(Continued on page 32)

Exhibit 6
Comparison of Sales and Profitability*
By Region

	Amounts Per Available Room					
	Total Sales		Income Before Fixed Charges		Net Income** or (Loss)	
	1980	1979	1980	1979	1980	1979
Africa	$27,209	$21,145	$6439	$5560	$1801	$1618
North Africa	35,967	21,145	12,402	7131	4391	842
Rest of Africa	26,450	21,609	5768	5239	1108	1693
Asia	$20,775	$16,217	$7589	$5387	$4661	$2951
Southeast Asia	21,860	15,076	7541	4954	5187	2368
Southwest Asia	18,700	17,085	7976	6418	2330	3382
Australasia	$31,874	$22,870	$7383	$4990	$2103	$2818
Caribbean	$31,689	$27,269	$2270	$ 134	$(1687)	$ 388
Central America	$18,140	$12,435	$4154	$3150	$1281	$ 534
Europe	$25,590	$23,018	$6128	$5713	$2647	$2497
Mediterranean Islands	***	19,021	***	5901	***	5794
Northern Europe	27,098	23,697	5936	5529	1526	1463
Scandinavia	24,511	19,697	7603	3946	5653	1826
Southern Europe	20,960	20,222	3274	4956	1352	2024
United Kingdom	25,796	23,676	6190	6631	3357	4136
Far East	$27,771	$27,047	$10,073	$8642	$7560	$5690
Hawaii & Pacific Islands	$32,464	$29,416	$7105	$6633	$3838	$3717
Middle East	$26,752	$22,236	$7031	$6174	$4089	$3298
North America						
Canada	$19,727	$19,563	$4756	$4026	$ 289	$ 591
Mexico	$21,710	$16,432	$5689	$5030	$3572	$2149
United States	$23,355	$17,979	$6101	$4895	$1801	$1607
South America	$27,363	$23,043	$8244	$6707	$3211	$3354
Median, All Hotels	$25,031	$20,741	$6128	$5358	$2621	$2368

*All figures are medians.
**Before income tax.
***Insufficient data.

Exhibit 7
Comparison of Sales and Profitability*
By Selected Criteria

	Amounts Per Available Room					
	Total Sales		Income Before Fixed Charges		Net Income** or (Loss)	
	1980	1979	1980	1979	1980	1979
Age						
Built Pre-1940	$25,031	$21,422	$4364	$4185	$1801	$2261
1940–1959	24,209	16,335	4506	3689	913	1168
1960–1969	28,893	21,356	6600	6146	3277	3366
1970s	23,364	20,742	6479	5364	2431	2368
Size						
Under 150 Rooms	$24,020	$18,888	$4977	$3946	$2167	$1277
150–299	25,312	19,505	5826	5012	2423	1941
300–600	25,800	23,053	6615	6179	3104	2731
Over 600	26,124	21,080	7858	6631	3080	3476
Rate***						
Group 1	$17,500	$13,526	$4157	$3253	$1636	$1605
Group 2	23,592	18,880	5727	4625	1771	1682
Group 3	29,954	27,077	8078	7614	3937	3966
Group 4	41,884	38,007	11,443	11,197	4381	5622
Occupancy						
Under 50%	$16,208	$12,802	$ 594	$1299	$(198)	$ 388
50–59%	20,484	14,363	2785	2934	932	1191
60–69%	25,031	18,128	4951	4385	1971	1452
70–79%	27,087	21,679	6770	5427	2995	2445
80% and Over	29,188	24,663	8877	7925	4567	3873
Location						
City	$24,765	$20,953	$6134	$5458	$2515	$2325
Resort	24,854	20,074	4421	4784	1858	2545
Market						
Predominantly Tourist	$22,946	$17,296	$4149	$4486	$1191	$1995
Other	26,723	21,102	6555	5562	2606	2317
Rating						
Luxury	$29,891	$21,550	$6364	$5753	$2234	$2798
First Class	23,880	19,036	5827	4981	2614	1802
Food & Beverage Sales						
Ratio to Room Sales						
Under 50%	$22,408	$20,077	$6286	$6074	$2995	$3256
50–74%	26,297	20,900	6957	5631	3085	2911
75–99%	26,381	20,361	5957	5529	2590	2535
100% and Over	24,880	21,066	4481	3915	1741	1543
Median All Establishments	$25,031	$20,741	$6128	$5385	$2621	$2368

*All figures are medians.
**Before income tax.
***In $U.S. See page 22.

(Continued from page 30)

average room rate was earned, are generally regarded as major yardsticks for measuring operating efficiency. These data for the various regions and categories are presented in Exhibits 8 and 9. Only in Asia and Central America were there significant improvements in the measurements, while hotels in the United States remained about the same as a year ago.

The number of times the average rate was earned was lower in nearly all regions and categories in 1980. It was down sharply in hotels in the Caribbean, and significantly lower in Europe, the Middle East and South America. The older hotels, those under 150 rooms in size and those serving predominantly tourists also experienced severe declines in that measurement.

(Continued on page 34)

Exhibit 8
General Statistics*—By Region

	Ratio of Income Before Fixed Charges To						
	Room Sales		Total Sales		Number of Times Average Rate Was Earned		
	1980	1979	1980	1979	1980	1979	Increase (Decrease)
Africa	49.6%	43.9%	22.5%	21.8%	137	144	(4.9)%
North Africa	90.9	76.0	34.5	33.7	247	183	35.0
Rest of Africa	38.2	42.0	19.2	21.4	101	135	(25.2)
Asia	75.3%	68.9%	34.3%	33.0%	209	197	6.1%
Southeast Asia	77.9	57.8	33.2	31.0	215	179	20.1
Southwest Asia	67.0	75.4	39.5	34.5	191	212	(9.9)
Australasia	46.0%	57.2%	22.7%	26.1%	134	143	(6.3)%
Caribbean	14.6%	2.3%	7.5%	1.1%	37	99	(62.2)%
Central America	46.6%	42.3%	22.7%	16.2%	128	92	39.1%
Europe	45.6%	50.5%	23.5%	25.6%	113	128	(11.7)%
Mediterranean Islands	**	71.1	**	35.6	**	211	—
Northern Europe	45.9	49.2	22.2	25.5	112	123	(8.9)
Scandinavia	60.4	45.6	31.9	24.0	123	116	6.0
Southern Europe	31.5	38.2	18.7	24.4	74	122	(39.3)
United Kingdom	45.8	51.9	23.0	26.9	113	135	(16.3)
Far East	73.1%	76.2%	37.4%	38.5%	231	247	(6.5)%
Hawaii & Pacific Islands	46.2%	48.4%	25.1%	27.9%	140	152	(7.9)%
Middle East	52.0%	65.1%	26.7%	33.6%	124	153	(19.0)%
North America							
Canada	48.9%	46.4%	25.7%	23.8%	124	126	(1.6)%
Mexico	52.8%	61.2%	27.5%	31.1%	170	184	(7.6)%
United States	44.7%	44.9%	26.4%	26.5%	119	118	(.8)%
South America	54.6%	57.1%	30.2%	30.2%	157	177	(11.3)%
Median, All Hotels	47.0%	50.9%	25.0%	26.7%	121	135	(10.4)%

*All figures are medians.
**Insufficient data.

Exhibit 9
General Statistics*—By Selected Criteria

	Ratio of Income Before Fixed Charges To						
	Room Sales		Total Sales		Number of Times Average Rate Was Earned		
	1980	1979	1980	1979	1980	1979	Increase (Decrease)
Age							
Built Pre-1940	33.6%	40.2%	17.1%	19.6%	80	109	(26.6)%
1940–1959	41.7	43.5	19.0	24.0	110	111	(.9)
1960–1969	47.3	52.7	25.1	28.1	134	157	(14.6)
1970s	49.4	53.0	26.0	28.2	131	135	(3.0)
Size							
Under 150 Rooms	44.9%	46.4%	21.3%	23.4%	109	134	(18.7)%
150–299	45.2	49.8	24.9	26.3	119	126	(5.6)
300–600	47.7	51.7	25.3	27.9	131	152	(13.8)
Over 600	55.2	58.6	28.8	30.0	141	158	(10.8)
Rate**							
Group 1	48.9%	50.5%	24.7%	25.0%	117	145	(19.3)%
Group 2	43.9	47.7	22.8	25.0	118	125	(5.6)
Group 3	48.6	53.7	26.8	27.9	134	149	(10.1)
Group 4	48.1	57.3	23.5	30.6	118	152	(22.4)
Occupancy							
Under 50%	11.2%	29.1%	4.9%	14.9%	14	55	(74.5)%
50–59%	33.5	38.6	16.2	19.7	71	80	(11.3)
60–69%	45.4	47.4	22.7	24.7	108	115	(6.1)
70–79%	49.5	47.4	26.0	25.1	133	131	1.5
80% & Over	57.4	60.3	31.9	33.0	177	193	(8.3)
Location							
City	46.6%	51.7%	25.0%	27.3%	120	135	(11.1)%
Resort	38.6	47.1	17.1	24.7	94	135	(30.4)
Market							
Predominantly Tourist	38.2%	51.6%	16.8%	26.2%	94	142	(33.8)%
Other	48.7	52.0	25.6	26.9	124	135	(8.1)
Rating							
Luxury	45.4%	51.9%	22.8%	27.0%	116	138	(15.9)%
First Class	47.5	50.3	25.2	25.4	119	133	(10.5)
Food & Beverage Sales							
Ratio to Room Sales							
Under 50%	43.2%	50.1%	28.5%	33.1%	115	134	(14.2)%
50–74%	47.9	50.3	27.3	28.5	134	135	(.7)
75–99%	47.5	54.2	23.1	27.1	119	145	(17.9)
100% & Over	48.9	46.4	18.6	20.2	113	124	(8.9)
Median, All Establishments	47.0%	50.9%	25.0%	26.7%	121	135	(10.4)%

*All figures are medians.
**In $U.S. See page 22.
NA = Not Available.

Exhibit 10
Net Income Differential*

	Hotels Reporting		Net Income Hotels Higher or (Lower) By
	Net Income	Net Loss	
Occupancy	72.6%	61.0%	19.0%
Double Occupancy	38.5	39.7	(3.0)
Average Rate	$49.91	$48.06	3.8
Amount Per Available Room			
Sales			
Rooms	$13,520	$9,930	36.2
Food	8,098	5,962	35.8
Beverage	3,193	2,694	18.5
Other	1,655	1,038	59.4
Total Sales	26,665	20,282	31.5
Payroll & Related Expenses	8,282	8,746	(5.3)
Undistributed Expenses (Excluding Payroll)			
Administrative & General	1,488	1,307	13.8
Marketing	675	669	.9
Energy Costs	1,036	1,199	(13.6)
Property Operation & Maintenance	890	924	(3.7)
Income Before Fixed Charges	6855	1550	342.3
Fixed Charges	2664	3389	(21.4)
Net Income (Loss) Before Income Tax	$3668	$(1751)	209.5
Number of Times Rate Was Earned	138	26	430.8
Net Cost of Operation Per Dollar of Average Room Rate	$134	$174	(23.0)
Ratio of Income Before Fixed Charges To:			
Room Sales	50.8%	12.7%	300.0
Total Sales	27.0%	6.3%	328.6
Cost of Food Sales (After Credit For Employee Meals)	34.9¢	36.7¢	(4.9)
Cost of Beverage Sales	25.2¢	28.8¢	(12.5)
Departmental Income—Ratio to Room Sales	16.2%	11.5%	40.9
Productivity Index			
Food & Beverage	2.63	2.46	6.9
Total	3.12	2.45	27.3
Balance Sheet Ratios			
Current Position	$1.25	$.84	48.8
Accounts Receivable—Ratio to Total Sales	6.7%	9.4%	(28.7)
Food Inventory Turnover	21.1	21.0	.5
Beverage Inventory Turnover	4.5	4.4	2.3
Ratio of Total Sales to Total Assets	250.8%	138.5%	81.1
Ratio of Net Income Before Income Taxes to Total Sales	13.7%	(9.3)%	147.3
Return on Total Assets	24.7%	(10.0)%	247.0

*Before income taxes. All figures are medians.

A common measurement of operating performance is the return on sales or ratio of net income to total revenue, which is presented in Exhibit 10 for hotels reporting net income and those showing net losses. Significantly higher occupancy was partly responsible for the better results in the profitable hotels. The ratio of total sales to total assets was sharply higher for the net income group, enabling management to realize a higher level of productivity in both assets and employees. The productivity index that measures the relationship be-

Exhibit 11
Return on Total Assets—By Region

	Turnover*
Africa	$1.43
Asia	150
Australasia	—
Caribbean	.57
Central America	—
Europe	.95
Far East	1.97
Hawaii & Pacific Islands	—
Middle East	1.64
North America	
Canada	1.00
Mexico	.84
United States	.83
South America	.64
Mean, All Hotels	$1.08

*Total sales divided by total assets.
**Ratio of net income before income tax or (loss) to total sales.
***Turnover times earnings ratio. All figures are computed.
All figures are arithmetic means of those hotels supplying data that own rather than lease the fixed assets.

tween sales and payroll costs was more than 27 percent higher for the net income group. The food and beverage operation produced departmental income that was nearly 41 percent higher in relation to room sales in the net income group, a combination of high volume and lower costs.

Exhibits 11 and 12 indicate the extent to which management of the hotels in the various regions and groups used available resources to generate revenue. Turnover measures total sales per dollar of total assets, and the earnings ratio is the return on sales before

Exhibit 12
Return on Total Assets—By Selected Criteria

	Turnover*	Earnings Ratio**	Rate of Return (or Loss)***
Age			
Built Pre-1940	$1.11	5.5%	6.1%
1940-1959	.96	7.5	7.2
1960-1969	1.14	12.6	14.4
1970s	1.13	8.6	9.7
Size			
Under 150 rooms	1.03	6.1	6.3
150-299	1.04	5.7	5.9
300-600	1.09	12.5	13.6
Over 600	1.27	18.1	23.0
Rate****			
Group 1	1.31	10.3	13.5
Group 2	.85	2.6	2.2
Group 3	1.01	18.5	18.7
Group 4	1.09	7.1	7.7
Food & Beverage Sales			
Ratio To Room Sales			
Under 50%	.86	11.6	10.0
50-74%	.92	8.6	7.9
75-99%	1.13	6.7	7.6
100% & Over	1.41	13.6	19.2
Mean, All Establishments	$1.08	9.3%	10.0%

*Total sales divided by total assets.
**Ratio of net income before income tax or (loss) to total sales.
***Net income before income tax divided by total assets.
****In $U.S. See page 22.
All figures are the arithmetic mean of those supplying data.

Earnings Ratio**	Rate of Return or (Loss)***
6.0%	8.6%
21.3	32.0
—	—
(9.5)	(5.4)
—	—
6.0	5.7
19.5	38.4
—	—
12.4	20.3
1.2	1.2
13.7	11.5
12.4	10.3
1.8	1.2
9.3%	10.0%

Exhibit 13
Return on Investment*—By Region

	Return On Invested Capital**	Return On Equity***
Africa	8.0%	19.2%
Asia	16.9	9.4
Australasia	9.7	15.1
Caribbean	8.6	13.8
Central America	—	—
Europe	19.6	30.0
Far East	19.4	26.9
Hawaii & Pacific Islands	—	—
Middle East	—	91.1
North America		
Canada	18.8	18.8
Mexico	13.5	23.6
United States	24.7	21.1
South America	15.6	14.4
Median, All Hotels	17.1%	24.4%

*All figures are medians based on those supplying data.
**Ratio of net income after income tax, but before interest, to total interest-bearing debt and equity.
***Ratio of net income after income taxes to stockholders' equity.

income taxes. The combination of these measurements, return on total assets, is frequently used to gauge operating performance. The figures are shown for those hotels in each region or group that provided us with data on total assets and those that owned rather than leased their fixed assets.

Exhibit 13 shows the return on invested capital (interest-earning debt plus equity) and return on stockholders' equity for those regions in which the hotels supplied sufficient data.

A comparison of various performance measurements for hotels with different types of management is shown in Exhibit 14. Total sales per available room were greater in the unaffiliated properties, although their lower average room rate was not sufficiently offset by slightly higher occupancies so that room sales were lower. Payroll and related expenses were much higher in the independent operations and lower undistributed costs did not offset this so that income was nearly 19 percent less before fixed charges.

Exhibit 14
Independent and Chain Affiliated*

	Independent	Chain Affiliated	Independent Differs By
Occupancy	73.9%	71.0%	4.1%
Double Occupancy	41.1%	36.8%	11.7%
Average Rate	$ 43.80	$ 49.65	(11.6)
Amount Per Available Room			
Sales			
Rooms	$11,314	$12,674	(10.7)
Food	8,345	7,047	18.4
Beverage	3,901	3,014	29.4
Other	1,736	1,504	15.4
Total Sales	$26,502	$24,601	7.7
Payroll & Related Expenses	9,451	8,379	12.8
Undistributed Expenses (Excluding Payroll)			
Administrative & General	1,203	1,411	(14.7)
Marketing	396	710	(44.2)
Energy Costs	1,046	1,048	(.2)
Property Operation & Maintenance	1,048	858	22.1
Income Before Fixed Charges	4,973	6,114	(18.7)
Fixed Charges	3,511	2,706	29.7
Net Income (Loss) Before Income Tax	$ 1,739	$ 2,621	(33.7)
Number of Times Rate Was Earned	112	121	(7.4)
Net Cost of Operation Per Dollar of Average Room Rate	$ 144	$ 132	9.1
Ratio of Income Before Fixed Charges To:			
Room Sales	47.9%	47.4%	1.1
Total Sales	19.2%	25.3%	(24.1)
Cost of Food Sales (After Credit For Employees' Meals)	39.1¢	34.9¢	12.0
Cost of Beverage Sales	30.9¢	25.2¢	22.6
Departmental Income—Ratio to Room Sales	13.9%	14.8%	(6.1)
Productivity Index			
Food & Beverage	2.65	2.55	3.9
Total	2.64	2.99	(11.7)
Balance Sheet Ratios			
Current Position	$ .88	$ 1.22	(27.9)
Accounts Receivable—Ratio to Total Sales	4.2%	6.9%	(39.1)
Food Inventory Turnover	25.0	21.4	16.8
Beverage Inventory Turnover	4.3	4.5	(4.4)
Ratio of Total Sales to Total Assets	77.2%	241.8%	(68.1)
Ratio of Net Income Before Income Taxes to Total Sales	6.6%	9.0%	(26.7)
Return on Total Assets	4.1%	17.7%	(76.8)

*All figures are medians.

Analysis of sales

The composition of sales in the regions and in the various categories is illustrated in Exhibits 15 and 16. Guest room rental is the predominant source of revenue in all regions, particularly properties located in the United States, Hawaii and the Pacific Islands, and Europe. Food and beverage sales are nearly equal to room sales in properties located in Australasia and the Far East. In the analysis by category, other than

Exhibit 15
Composition of Sales*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Rooms	51.6%	42.8%	47.2%	45.9%	50.5%	51.6%
Food	27.7	28.3	30.5	29.0	27.0	29.2
Beverage	11.7	13.6	11.1	16.0	11.4	9.3
Telephone	4.0	4.4	4.8	4.1	2.4	5.2
Minor Operated Departments	2.8	8.6	3.2	3.4	5.6	3.2
Rentals & Other Income	2.2	2.3	3.2	1.6	3.1	1.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Exhibit 16
Composition of Sales*—By Selected Criteria

	Age				Size			
	Built Pre-1940	1940-1959	1960-1969	1970s	Under 150 Rooms	150-299 Rooms	300-600 Rooms	Over 600 Rooms
Rooms	53.1%	50.2%	50.3%	51.3%	48.6%	49.8%	53.0%	53.9%
Food	27.8	28.0	28.8	27.8	30.7	29.4	26.1	26.9
Beverage	11.6	12.2	11.9	11.9	12.8	12.0	11.7	10.1
Telephone	3.0	3.0	3.7	4.4	3.1	4.2	4.1	3.3
Minor Operated Departments	2.0	3.7	3.2	2.7	2.7	2.6	2.8	3.1
Rentals & Other Income	2.5	2.9	2.1	1.9	2.1	2.0	2.3	2.7
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.
**Before income tax.

those in which the food and beverage volume is the basis of comparison, there is little variation in the composition of sales. The smaller properties, resorts and first-class hotels tended to have a larger portion of revenue stemming from restaurant sales. Telephone sales were generally higher in the newer, mid-sized properties and those located in the city. This is indicative of the establishments that cater primarily to commercial travelers.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
52.8%	47.0%	53.8%	48.8%	48.2%	51.6%	59.4%	52.7%
27.1	32.5	30.6	29.1	29.7	28.0	25.0	24.1
12.1	11.4	9.6	10.3	16.2	11.0	9.6	12.9
4.2	3.3	1.4	6.2	2.2	1.3	2.8	4.7
1.8	3.0	8.0	3.8	1.3	4.6	1.7	3.5
2.0	2.8	3.6	1.8	2.4	3.5	1.5	2.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Location		Market		Rating		Restaurant Operated Total Food & Beverage Sales—Ratio to Room Sales				Hotels Reporting	
City	Resort	Predominantly Tourist	Other	Luxury	First Class	Under 50%	50–74%	75–99%	100% and Over	Net Income**	Net Loss
51.7%	51.7%	47.4%	51.1%	49.9%	51.5%	65.7%	54.9%	48.0%	38.5%	52.2%	48.4%
27.5	30.2	31.2	27.0	27.9	28.6	19.9	25.2	30.1	35.7	27.4	29.8
11.8	10.7	11.6	12.0	12.0	12.0	7.1	10.7	12.6	16.3	11.3	13.6
4.2	2.2	2.8	4.9	4.8	3.5	4.0	4.1	4.3	3.1	4.0	3.7
2.7	2.3	3.8	2.9	3.2	2.2	1.7	2.9	2.7	3.8	2.9	2.4
2.1	2.9	3.2	2.1	2.2	2.2	1.6	2.2	2.3	2.6	2.2	2.1
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Exhibit 17 illustrates the revenue and expenses for minor operated departments on the basis of amount per available room and ratio to sales. Telephone revenue in relation to total sales varies widely from region to region. Properties in Central America and the Middle East reported more than 5 percent of total

Exhibit 17
Minor Operated Departments and Other Income
Median Amounts Per Room and Ratios to Sales*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean
Telephone					
Amount Per Available Room					
Sales	$694	$1422	$1088	$1336	$ 559
Cost of Sales					
Cost of Calls	527	1082	864	804	443
Equipment Rental	98	36	61	133	213
Total	607	1082	965	927	666
Payroll & Related Expenses	175	89	67	268	134
All Other Expenses	7	4	8	14	7
Total Cost & Expenses	762	1210	1047	1168	847
Net Departmental Income or (Loss)	$ 19	$ 97	$ 52	$ 141	$(276)
Ratio to Total Sales					
Sales	3.1%	4.7%	3.9%	4.2%	2.0%
Cost of Sales	2.6	3.8	3.7	2.9	2.5
Payroll & Related Expenses	.7	.4	.3	.8	.6
Minor Operated Departments					
Amount Per Available Room					
Sales	$491	$ 794	$ 541	$1152	$ 468
Cost of Sales	146	337	204	704	101
Payroll & Related Expenses	151	128	102	148	239
Other Expenses	33	67	29	30	94
Total Costs & Expenses	257	557	295	852	451
Net Departmental Income	$137	$ 424	$ 319	$ 316	$ 49
Ratio to Total Sales					
Sales	2.0%	3.3%	2.7%	3.4%	2.1%
Cost of Sales	.5	.8	.7	1.9	.6
Payroll & Related Expenses	.6	.7	.4	.5	1.0
Rentals & Other Income					
Amount Per Available Room					
Space Rentals	$175	$199	$ 314	$ 52	$ 297
Concessions	88	155	132	391	131
Commissions	34	104	14	18	46
Other	157	174	180	146	300
Total Rentals & Other Income	$426	$ 499	$ 654	$ 396	$ 512
Ratio to Total Sales	1.5%	2.2%	2.7%	1.0%	2.3%

*All figures are medians.

sales from this department. Hotels in the tourist areas traditionally do not rely on this department as a major source of revenue and, as a result, in the Caribbean, Hawaii and the Pacific Islands, and in Mexico telephone sales are under 2 percent of total sales. Overall, properties in Africa, Australasia, the Far East,

					North America			
Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$907	$744	$1203	$ 414	$1548	$ 433	$339	$ 578	$1123
628	479	1211	268	954	306	165	474	877
87	96	73	85	95	166	33	128	43
813	553	1277	353	990	436	88	589	885
192	252	89	209	172	134	113	170	208
7	7	5	8	11	6	8	3	13
912	714	1146	577	1179	541	256	741	1152
$ (50)	$ 57	$ 24	$ (208)	$ 152	$(116)	$ 36	$(181)	$ 11
5.0%	3.2%	3.2%	1.2%	6.3%	2.2%	1.3%	2.6%	4.3%
4.5	2.2	3.0	1.3	4.5	2.1	.3	2.7	3.6
.9	.8	.3	.6	.7	.7	.5	.7	.7
$705	$407	$ 696	$ 220	$ 856	$ 263	$535	$ 296	$ 869
197	137	279	44	190	16	150	81	235
220	183	151	93	154	127	190	121	207
84	21	104	12	37	12	53	10	46
517	200	338	152	334	227	213	189	536
$188	$ 96	$378	$ 30	$ 363	$ 21	$201	$ 20	$ 318
2.0%	1.4%	2.5%	.7%	2.6%	1.2%	1.8%	1.5%	3.1%
.3	.5	.8	.2	.6	.1	.5	.4	.8
.4	.5	.5	.3	.7	.5	1.0	.6	.6
$ 63	$132	$ 209	$ 691	$ 275	$ 170	$126	$ 122	$ 193
243	100	89	107	266	117	82	36	94
87	65	58	130	76	25	—	21	36
384	173	391	83	171	127	393	84	230
$699	$351	$ 628	$1033	$ 527	$ 281	$708	$ 266	$ 536
2.0%	1.2%	2.3%	2.7%	1.4%	1.3%	3.1%	1.2%	2.0%

Middle East and South America have significantly greater revenue from minor sources than the other regions.

The average length of stay is an important yardstick and promotional efforts are frequently aimed at increasing it. However, it is much more important to have the services properly priced and efficiently provided. Exhibit 18 shows that hotels reporting net income were able to achieve both a higher average length of stay and a greater amount of revenue per

Exhibit 18
Sales Per Average Guest Stay*

	Hotels Reporting		By Location		Clientele	
	Net Income	Net Loss	City	Resort	Predominantly Tourist	Other
Rooms	$108	$ 92	$105	$125	$ 97	$111
Food	57	57	56	73	64	58
Beverage	23	26	24	26	24	26
Telephone	8	7	9	5	6	11
Minor Departments	6	5	5	6	8	6
Rentals & Other Income	5	4	4	7	7	4
Total Sales	$207	$191	$203	$242	$206	$216
Operating Expenses	150	177	152	196	164	158
Average Stay (Days)	2.73	2.68	2.60	3.85	3.52	2.49

*Based on arithmetic mean

stay than those reporting losses, while operating expenses per guest stay were 15 percent lower.

Occupancy and average rate

The medians of room occupancy, number of guests per room, average daily rate per room and per guest, and average length of stay are shown for the various regions and subregions in Exhibit 19, and for selected

Exhibit 19
Occupancy, Double Occupancy, Room Rates and Length of Stay*—By Region

	Annual Room Occupancy		Number of Guests Per Room		Average Daily Rate: Per Room (U.S. Dollars)		Average Daily Rate: Per Guest (U.S. Dollars)		Length of Stay (Days)	
	1980	1979	1980	1979	1980	1979	1980	1979	1980	1979
Africa										
North Africa	79.1%	81.7%	1.44	1.24	$46.48	$38.92	$30.43	$32.11	2.7	5.1
Rest of Africa	68.7	80.4	1.34	1.20	42.80	41.43	30.10	28.58	2.4	3.8
Total for Region	71.2%	81.7%	1.39	1.23	$44.64	$41.13	$30.43	$30.02	2.7	3.8
Asia										
Southeast Asia	80.0%	76.1%	1.31	1.30	$34.62	$31.01	$25.07	$20.28	2.1	2.2
Southwest Asia	78.7	77.6	1.21	1.47	36.86	27.58	30.22	21.41	2.3	2.4
Total for Region	78.7%	77.6%	1.30	1.35	$35.59	$29.17	$26.45	$21.41	2.2	2.3
Australasia	79.1%	69.3%	1.28	1.39	$53.68	$38.64	$37.99	$22.43	1.8	2.4
Caribbean	73.6%	64.7%	1.75	1.77	$60.45	$49.13	$37.91	$27.06	3.5	3.6
Central America	63.4%	70.4%	1.35	1.47	$32.35	$29.00	$19.52	$18.53	2.8	3.5
Europe										
Mediterranean Islands	**	81.2%	**	1.60	**	$31.71	**	$19.82	5.3	5.0
Northern Europe	69.1%	70.2	1.34	1.27	$56.79	45.47	$43.04	35.83	1.9	1.6
Scandinavia	64.0	71.6	1.75	1.32	39.98	35.25	25.80	25.01	1.9	1.7
Southern Europe	69.4	75.3	1.44	1.57	41.58	39.16	28.63	26.03	2.7	3.5
United Kingdom	68.2	78.0	1.37	1.36	51.44	43.48	36.61	28.50	1.9	2.5
Total for Region	68.5%	72.5%	1.37	1.32	$51.11	$43.71	$36.46	$29.44	1.9	2.0
Far East	85.2%	85.7%	1.44	1.45	$46.00	$43.44	$34.22	$29.68	3.3	3.2
Hawaii & Pacific Islands	87.2%	92.3%	1.81	1.80	$56.65	$50.64	$31.70	$29.16	4.8	3.2
Middle East	67.2%	68.2%	1.15	1.40	$69.69	$47.55	$59.36	$26.24	2.9	2.8
North America										
Canada	74.6%	76.4%	1.43	1.28	$36.28	$32.72	$26.72	$19.23	1.6	1.9
Mexico	80.0%	81.4%	1.90	1.75	$33.77	$30.23	$22.13	$16.93	1.2	1.9
United States	72.6%	73.2%	1.37	1.35	$47.81	$39.90	$38.17	$28.53	2.0	2.5
South America	77.1%	82.5%	1.33	1.30	$52.85	$40.23	$38.88	$29.12	2.6	2.6
Median, All Hotels	70.9%	75.0%	1.39	1.40	$49.20	$39.20	$35.27	$28.02	2.3	2.4
Increase (Decrease) in 1980	(5.5)%		(.7)%		25.5%		25.9%		(4.2)%	

*All figures are medians.
**Insufficient data.

groups in Exhibit 20.

The occupancy rate dropped nearly 6 percent in 1980, the first decline since 1975, which was also 6 percent below the previous year. The number of guests per room also dropped slightly during the year; however, the average daily rate increased by nearly 26 percent to $49.20, primarily due to increased rates. The median length of stay was 2.3 days, 4 percent below 1979.

Exhibit 20
Occupancy, Double Occupancy, Room Rates and Length of Stay*—By Selected Criteria

	Annual Room Occupancy		Number of Guests Per Room		Average Daily Rate: Per Room (U.S. Dollars)		Average Daily Rate: Per Guest (U.S. Dollars)		Length of Stay (Days)	
	1980	1979	1980	1979	1980	1979	1980	1979	1980	1979
Age										
Built Pre-1940	70.2%	72.6%	1.43	1.41	$50.90	$38.40	$36.60	$26.58	2.1	2.3
1940–1959	69.5	73.8	1.44	1.40	46.52	34.74	30.05	22.02	3.0	2.6
1960–1969	73.8	79.3	1.43	1.39	53.21	40.10	36.09	28.57	2.5	2.7
1970s	71.8	72.9	1.33	1.33	47.87	39.47	35.05	26.57	2.5	2.1
Size										
Under 150 Rooms	66.5%	72.0%	1.46	1.46	$43.62	$32.07	$32.07	$21.25	1.9	2.1
150–299	69.0	71.7	1.35	1.30	49.26	37.66	34.99	25.88	2.1	2.1
300–600	73.3	78.9	1.37	1.35	53.05	43.89	38.51	31.26	2.5	2.4
Over 600	74.3	75.2	1.41	1.41	55.06	43.10	39.72	29.56	2.6	3.0
Rate**										
Group 1	69.8%	73.6%	1.42	1.52	$34.25	$24.85	$24.13	$15.57	2.1	2.1
Group 2	71.0	73.4	1.38	1.35	46.85	36.98	33.40	25.77	2.2	2.3
Group 3	71.6	76.5	1.38	1.34	61.06	50.74	44.59	36.34	2.0	2.4
Group 4	71.1	79.6	1.36	1.32	85.67	74.71	63.53	52.78	2.5	2.9
Location										
City	71.2%	75.3%	1.36	1.33	$48.77	$39.56	$35.88	$27.64	2.3	2.3
Resort	72.0	72.6	1.80	1.76	52.73	37.97	32.19	21.99	3.3	3.1
Market										
Predominantly Tourist	72.2%	76.0%	1.68	1.71	$45.30	$32.42	$27.29	$19.54	2.8	2.8
Other	71.1	74.1	1.30	1.30	54.53	40.23	41.71	28.90	2.2	2.1
Rating										
Luxury	70.3%	75.6%	1.39	1.38	$60.94	$41.36	$43.45	$29.54	2.5	2.5
First Class	70.9	73.7	1.38	1.33	47.63	35.62	33.82	22.28	2.0	1.7
Food & Beverage Sales										
Ratio to Room Sales										
Under 50%	75.5%	81.0%	1.44	1.39	$51.98	$42.03	$39.77	$29.28	2.2	2.0
50–74%	73.7	77.2	1.38	1.31	54.58	43.29	40.47	2.84	2.5	2.4
75–99%	69.6	75.3	1.38	1.40	51.17	37.81	35.27	26.41	2.3	2.6
100% & Over	63.3	70.7	1.37	1.39	41.60	34.74	32.07	22.58	2.1	2.3
Median, All Establishments	70.9%	75.0%	1.39	1.40	$49.20	$39.20	$35.27	$28.02	2.3	2.4

*All figures are medians.
**In $U.S. See page 22.

Only in Asia, Australasia and the Caribbean were occupancies higher than in 1980. In Africa, Central America and Europe the decline in occupancy was quite sharp and the average daily rate per occupied room was also very sharply higher in seven of the thirteen regions. The smallest increase was in the Far East (6 percent).

There were decreases in occupancies in each category. Those showing the lowest decreases were the newer properties, those with more than 600 rooms and those in resort areas. The sharpest increase in the average daily room rate occurred in the category of hotels built 20 to 30 years ago, those with fewer than 150 rooms and those in the lowest rate group.

Restaurant operations

To show the fluctuations in the cost of operating the food and beverage department, Exhibit 21 contains a comparison of the departmental ratios to sales for low and high volume properties, those with low and high room occupancy and those reporting net income. As a general rule, the food and beverage departmental profit should approximate 25 percent of total sales for the operation to contribute a fair share toward the overhead costs of the hotel. The departmental profit of only those hotels with the highest volume of food and beverage sales in relation to room sales came close to that measurement.

Exhibit 21
Restaurant Operations*—By Selected Criteria

	Food & Beverage Sales Ratio to Room Sales		Room Occupancy		Hotels Reporting Net Income
	Under 50%	100% & Over	Under 50%	80% & Over	
Sales					
Food	72.1%	67.6%	67.1%	70.2%	69.6%
Beverage	28.1	32.4	33.2	29.8	30.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0
Cost of Sales					
Food	33.7%	36.4%	37.6%	35.1%	34.9%
Beverage	24.0	31.0	30.2	23.2	21.0
Total	32.0%	35.2%	36.4%	31.6%	32.4%
Gross Profit	68.0%	64.8%	63.6%	68.4%	67.6%
Public Room Sales	2.7	1.4	1.0	2.1	2.1
Other Income	.9	.8	.7	1.7	1.1
Total	71.7%	66.7%	64.2%	72.0%	69.8%
Departmental Expenses					
Payroll & Related Expenses	49.1%	32.2%	35.0%	37.1%	38.0%
China, Glassware, Silver & Linen	1.8	1.6	1.8	1.7	1.7
Contract Cleaning	.4	.2	.3	.2	.3
Kitchen Fuel	.6	.9	1.3	.7	.7
Laundry & Dry Cleaning	1.2	1.2	1.2	.8	1.0
Licenses	.1	.1	.7	.1	.1
Music & Entertainment	1.3	1.8	2.3	2.3	1.9
Operating Supplies	2.3	1.6	2.2	2.1	2.1
Other Operating Expenses	.9	.9	1.0	1.0	1.1
Uniforms	.4	.3	.4	.4	.4
All Other Expenses	1.4	1.0	1.4	1.5	1.4
Total	61.9%	40.5%	48.0%	47.9%	48.0%
Departmental Income	10.8%	24.4%	17.1%	23.3%	21.8%
Productivity Index	2.04	3.10	2.86	2.70	2.63
Covers Per Seat—Daily					
Dining Room	1.9	1.6	1.1	2.2	1.8
Banquet	.2	.2	.1	.3	.2
Average Check	$7.64	$8.63	$8.49	$7.14	$8.24

*All ratios are medians and do not necessarily add to totals shown.

Exhibits 22 and 23 (pages 46-53) show the food and beverage statistics for those hotels providing the detail. Food sales per available room and per seat by restaurant are given together with the average sale per customer (average check) and number of persons served (covers) per seat. Analysis of the results shows that price and capacity are the factors that determine the relative importance of the food and beverage operation. Not only do those hotels with high restaurant volumes in relation to room sales obtain

Exhibit 22
Food and Beverage Statistics*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Food Sales—By Facility						
Amount Per Available Room						
Dining Room	$4318	$5415	$4020	$5310	$5817	$4864
Room Service	601	665	579	889	368	**
Banquet	1361	1039	1408	2642	944	222
Bar/Lounge	152	185	128	62	1949	**
Total	$6838	$7257	$5713	$8851	$7296	$5004
Ratio to Total Sales						
Dining Room	65.4%	74.1%	63.3%	57.7%	70.9%	91.4%
Room Service	9.2	9.8	9.5	10.2	6.2	**
Banquet	22.0	14.8	22.5	29.9	16.9	8.2
Bar/Lounge	2.3	2.5	1.7	1.3	20.8	**
Amount Per Seat						
Dining Room	$4628	$3109	$3602	$2902	$3679	$3961
Banquet	661	540	743	995	540	110
Bar/Lounge	321	325	175	72	221	**
Total	$1838	$1848	$1660	$1774	$1462	**
Average Check						
Dining Room	$ 7.49	$ 5.93	$ 4.72	$ 7.69	$ 7.92	**
Room Service	5.12	4.01	3.42	6.85	4.74	**
Banquet	11.25	11.60	6.17	11.71	9.10	**
Total	$ 8.24	$ 6.20	$ 4.46	$ 8.42	$ 4.94	**
Covers Served Per Seat						
Dining Room	638	507	718	383	374	**
Banquet	67	52	133	85	49	**

*All figures are medians and do not necessarily add to totals shown.
**Insufficient data.

higher sales per customer, they also have considerably more seats in relation to the number of guest rooms.

The combination of cash payroll and cost of sales (sometimes referred to as "prime cost") is a frequently used measurement in restaurant operations. The upper limit of these costs is generally set at 65 percent of food and beverage sales for a profitable operation; however, it varies considerably as a result of many factors. Comparison of the total for the various

(Continued on page 54)

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$4675	$6366	$6239	$4742	$3188	$3160	$2784	$3791
772	534	298	1051	395	559	341	645
1419	1214	894	1352	1733	973	1914	1229
165	273	462	133	266	610	101	48
$7294	$8066	$7992	$7513	$5493	$5792	$5596	$6071
65.6%	67.9%	77.3%	65.5%	57.7%	67.9%	55.4%	61.1%
9.7	7.0	3.7	14.1	7.8	8.8	7.2	9.4
22.0	18.8	12.1	17.9	29.6	21.1	35.6	21.5
2.3	1.8	4.0	1.6	4.6	12.8	1.9	.7
$6159	$5949	$4841	$5003	$4439	$2372	$4291	$3230
767	795	555	964	564	395	463	772
307	1507	555	617	436	173	332	254
$2138	$3165	$2028	$2250	$1256	$ 880	$1535	$1103
$ 9.68	$ 5.74	$ 6.66	$ 8.99	$ 5.23	$ 6.22	$ 4.59	$ 5.79
5.49	4.22	**	6.58	4.76	6.27	5.43	5.23
13.36	8.27	9.39	17.21	7.82	9.80	9.33	10.96
$10.19	$ 5.73	$ 7.07	$ 8.76	$ 5.63	$ 5.93	$ 6.26	$ 8.06
666	981	514	547	785	545	575	619
70	140	67	46	69	47	53	64

(Continued on next page)

Exhibit 22 (continued)
Food and Beverage Statistics*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Room Service Sales						
Per Occupied Room						
Food	$ 2.35	$ 2.66	$ 2.14	$ 3.22	$ 1.74	**
Beverage	.58	.97	.44	.98	.45	**
Total	$ 2.99	$ 3.78	$ 2.56	$ 4.32	$ 2.30	**
Per Guest						
Food	$ 1.65	$ 1.81	$ 1.57	$ 2.12	$ .97	**
Beverage	.44	.76	.34	.76	.29	**
Total	$ 2.16	$ 2.70	$ 2.05	$ 2.88	$ 1.29	**
Beverage Sales—By Facility						
Amount Per Available Room						
Dining Room	$ 915	$1182	$ 662	$1896	$675	**
Room Service	153	227	123	298	96	**
Banquet	548	700	147	1030	523	**
Bar/Lounge	1208	1178	980	2474	1875	**
Total	$3090	$3358	$1841	$6029	$3248	**
Ratio to Total Beverage Sales						
Dining Room	30.9%	38.8%	37.7%	27.7%	25.7%	**
Room Service	5.1	7.4	5.2	5.1	3.5	**
Banquet	18.1	14.8	11.0	19.3	16.5	**
Bar/Lounge	44.1	37.8	46.1	48.5	62.2	**
Ratio to Food Sales						
Dining Room	21.5%	27.2%	20.8%	29.1%	10.3%	**
Room Service	25.4	40.0	22.5	30.6	29.4	**
Banquet	38.3	58.7	22.1	37.7	43.4	**
Total (Including Bar/Lounge)	44.5%	44.3%	38.4%	62.0%	40.1%	37.5%
Amount Per Seat						
Dining Room	$ 972	$ 925	$ 733	$1558	$ 470	**
Banquet	246	251	110	396	244	**
Bar/Lounge	2661	2685	1991	7101	2413	**
Total	$ 903	$ 924	$ 588	$1362	$ 762	$ 371

**Insufficient data.

Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
				Canada	Mexico	United States	
$ 2.90	$ 1.99	$ .90	$ 5.31	$ 1.50	$ 1.70	$ 1.26	$ 2.51
.57	.40	.08	1.09	.62	.36	.39	.72
$ 3.41	$ 2.53	$ .84	$ 7.36	$ 1.93	$ 2.12	$ 1.60	$ 3.17
$ 2.10	$ 1.34	$ .50	$ 4.66	$ 1.13	$ .94	$ 1.02	$ 1.60
.41	.27	.05	.93	.61	.22	.24	.55
$ 2.53	$ 1.64	$ .53	$ 5.83	$ 1.75	$ 1.32	$ 1.23	$ 2.04
$ 947	$1171	$ 882	$ 955	$ 886	$1052	$ 692	$ 889
148	105	27	214	183	107	95	208
733	307	216	236	746	423	457	676
1336	1710	848	1143	1265	2161	851	1340
$3369	$3526	$2736	$2589	$3307	$3142	$2253	$3477
28.8%	30.8%	53.0%	38.3%	24.1%	32.7%	27.6%	33.9%
5.0	4.1	1.7	9.9	6.1	4.0	4.6	5.2
23.0	12.4	14.4	12.2	20.6	13.0	22.2	23.3
40.4	48.0	43.2	39.0	49.9	54.4	47.2	41.4
20.2%	17.9%	19.4%	20.6%	24.0%	20.2%	25.8%	24.8%
21.9	23.6	17.6	24.1	43.3	20.5	27.9	30.5
49.7	23.3	29.8	22.1	39.8	33.3	24.4	42.8
45.6%	28.4%	34.9%	48.7%	59.1%	43.0%	39.4%	56.0%
$1103	$1247	$ 663	$ 903	$1090	$ 183	$ 689	$1067
362	278	223	130	239	120	99	289
3076	4089	2515	1747	2462	1478	3057	3032
$1123	$1444	$1160	$ 519	$ 721	$ 439	$ 593	$ 759

Exhibit 23
Food and Beverage Statistics*—By Selected Criteria

	Size of Hotel			
	Under 150 Rooms	150–299 Rooms	300–600 Rooms	Over 600 Rooms
Food Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 5471	$4616	$3783	$3506
Room Service	527	638	645	559
Banquet	751	1334	1506	1968
Bar/Lounge	274	140	126	146
Total	$ 7760	$6911	$6471	$6414
Ratio to Total Food Sales				
Dining Room	77.5%	66.5%	60.6%	56.9%
Room Service	5.9	9.3	9.5	8.0
Banquet	12.4	21.9	24.7	28.8
Bar/Lounge	3.1	2.1	1.8	2.7
Amount Per Seat				
Dining Room	$ 3898	$4665	$4654	$5623
Banquet	353	647	714	988
Bar/Lounge	444	267	276	731
Total	$ 2243	$1846	$1754	$2458
Average Check				
Dining Room	$10.02	$ 8.49	$ 6.69	$ 5.50
Room Service	3.86	5.26	5.25	5.17
Banquet	12.78	12.52	10.42	10.85
Total	$11.05	$ 8.96	$ 7.55	$ 6.53
Covers Served Per Seat				
Dining Room	467	600	677	872
Banquet	47	62	75	91

*All figures are medians and do not necessarily add to totals shown.

Location		Restaurant Operated Total Food and Beverage Sales Ratio to Room Sales			
City	Resort	Under 50%	50–74%	75–99%	100% & Over
$4248	$5815	$2717	$3869	$4675	$5771
639	491	693	653	641	479
1504	735	615	1354	1682	1833
152	280	90	121	159	232
$6699	$7364	$4446	$6198	$7664	$8555
64.0%	77.1%	65.1%	63.6%	63.3%	67.9%
9.3	6.8	14.1	9.9	8.9	5.5
23.2	12.6	14.7	23.8	23.0	24.0
2.1	3.5	1.7	2.0	2.1	2.7
$4695	$4624	$5533	$5301	$4556	$4016
716	555	799	643	683	559
331	402	521	318	267	313
$1852	$2057	$2530	$1905	$1655	$1823
$ 7.56	$ 7.41	$ 7.47	$ 6.84	$ 7.49	$ 7.73
5.29	5.58	5.74	6.41	4.88	4.44
11.47	12.69	11.71	11.36	10.85	11.70
$ 8.41	$ 7.86	$ 8.49	$ 8.00	$ 7.87	$ 9.00
667	484	697	636	674	596
68	43	61	72	70	64

(Continued on next page)

Exhibit 23 (continued)
Food and Beverage Statistics*—By Selected Criteria

	Size of Hotel			
	Under 150 Rooms	150–299 Rooms	300–600 Rooms	Over 600 Rooms
Room Service Sales				
Per Occupied room				
Food	$ 2.12	$ 2.59	$ 2.44	$ 2.48
Beverage	.38	.57	.58	.77
Total	$ 2.48	$ 3.17	$ 3.15	$ 2.92
Per Guest				
Food	$ 1.37	$ 1.75	$ 1.86	$ 1.37
Beverage	.23	.40	.46	.56
Total	$ 1.57	$ 2.15	$ 2.40	$ 1.98
Beverage Sales—By Facility				
Amount Per Available Room				
Dining Room	$ 984	$ 882	$ 890	$ 919
Room Service	98	150	153	192
Banquet	564	548	529	732
Bar/Lounge	1443	1205	1232	869
Total	$3405	$3262	$2783	$2934
Ratio to Total Beverage Sales				
Dining Room	31.6%	29.4%	33.2%	30.3%
Room Service	3.4	4.5	5.3	6.7
Banquet	15.1	18.3	17.8	24.5
Bar/Lounge	50.5	43.5	42.7	36.3
Ratio to Food Sales				
Dining Room	18.1%	20.0%	24.3%	23.4%
Room Service	28.6	23.0	25.0	33.8
Banquet	47.1	43.0	35.1	29.8
Total (Including Bar/Lounge)	43.8%	45.5%	46.3%	43.2%
Amount Per Seat				
Dining Room	$ 673	$ 901	$1191	$1220
Banquet	180	247	241	303
Bar/Lounge	2475	2471	2751	2880
Total	$ 764	$ 890	$ 890	$1032

*All figures are medians and do not necessarily add to the totals shown.

Location		Restaurant Operated Total Food and Beverage Sales Ratio to Room Sales			
City	Resort	Under 50%	50–74%	75–99%	100% & Over
$ 2.43	$ 2.05	$ 2.38	$ 2.44	$ 2.50	$ 2.10
.58	.52	.53	.62	.56	.71
$ 3.00	$ 2.65	$ 2.82	$ 3.17	$ 2.96	$ 3.00
$ 1.75	$ 1.07	$ 1.65	$ 1.73	$ 1.66	$ 1.43
.45	.32	.35	.47	.39	.51
$ 2.20	$ 1.40	$ 2.01	$ 2.30	$ 2.12	$ 2.19
$ 914	$ 885	$ 507	$ 879	$1002	$1166
155	125	145	168	133	151
580	298	245	530	661	926
1202	1411	716	1152	1423	1638
$3041	$2887	$1429	$2792	$3618	$4375
29.4%	33.6%	28.8%	31.5%	30.9%	32.1%
5.0	4.5	8.7	6.7	4.5	3.7
19.0	13.7	13.7	19.9	19.4	18.4
43.7	49.1	52.8	42.5	42.7	44.0
21.2%	16.7%	16.5%	23.2%	22.1%	22.3%
24.8	22.8	21.9	27.1	23.3	29.1
38.9	34.3	33.3	34.5	39.6	47.6
44.5%	37.5%	39.2%	43.9%	44.4%	47.9%
$1058	$ 704	$ 879	$1058	$ 977	$ 874
259	243	195	246	241	266
2838	2346	3057	2553	2414	2837
$ 924	$ 848	$ 794	$ 933	$ 799	$ 927

(Continued from page 47)

regions with the similar ratios from 1979 is shown in Exhibit 24. The average for all hotels was 62.9 percent, up nearly 4 percent from 1979. Decreases were reported by five of the regions with all of the remaining regions reporting increases, the sharpest being in Europe and the Caribbean. Hotels in three regions, Australasia, Canada and Europe, had very high prime costs, while in Mexico and South America they were below 50 percent of food and beverage

Exhibit 24
Restaurant Operations—Cost of Sales and Cash Payroll—By Region

	Cost of Sales and Cash Payroll*		Increase (Decrease)
	1980	1979	
Africa	53.9%	55.1%	(2.3)%
Asia	50.6	52.6	(3.8)
Australasia	71.2	73.7	(3.4)
Caribbean	65.9	62.5	5.4
Central America	56.0	55.0	1.7
Europe	70.1	65.2	7.4
Far East	55.1	53.2	3.6
Hawaii & Pacific Islands	57.3	57.0	.6
Middle East	52.4	53.1	(1.3)
North America			
Canada	67.9	69.3	(2.0)
Mexico	46.7	45.1	3.6
United States	64.8	62.3	2.3
South America	49.7	47.4	4.9
All Hotels	62.9%	60.7%	3.6%

*Before deducting service charges. Based on arithmetic mean of those reporting information.

sales.

Payroll and related expenses

An analysis of the available information on staffing levels and employee productivity is shown in Exhibit 25. The medians and quartiles were developed from data provided by hotels reporting the number of employees in the departments listed, and in each case they represent full-time equivalents, that is, the number of hours worked has been divided by the standard work hours to obtain the number of employees in each position.

Employee productivity has been expressed in terms of departmental sales per employee and total sales per employee. These medians and quartiles can be used as additional tests of staffing levels and are especially valuable when unusual circumstances distort the composition of sales.

Exhibit 25
Staffing Levels and Employee Productivity—All Hotels*

	Number of Employees Per 100 Available Rooms			Number of Employees Per 100 Occupied Rooms		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Staffing Levels (Full-Time Equivalent Employees)						
Rooms	19.6	25.6	33.2	29.1	38.2	49.8
Food & Beverage	29.8	43.2	60.1	44.3	65.1	95.6
Telephone	1.4	2.0	2.9	2.1	2.9	4.3
Minor Departments	1.0	2.5	5.0	1.4	3.4	7.5
Administrative & General	5.8	9.1	13.7	8.2	13.8	21.4
Marketing—Sales	.9	1.3	1.7	1.2	1.8	2.6
Marketing—Other	.4	.6	1.2	.5	1.0	1.9
Property Operation & Maintenance	3.1	5.8	9.4	4.6	8.0	16.0
Personnel	.7	1.5	2.5	1.1	2.1	4.3
House Laundry	2.6	4.1	6.4	4.0	6.3	9.0
Other	.4	1.1	2.3	.6	1.5	3.5
Total Employment (Full-Time Equivalent Employees)	61.7	86.0	122.0	87.0	128.3	195.8
Employee Productivity—Sales Per Full-Time Employee						
Rooms	$34,152	$51,958	$71,253			
Food & Beverage	18,467	24,665	32,981			
Telephone	27,777	50,526	78,648			
Minor Departments	14,428	31,758	55,195			
Total Sales Per Employee	$21,443	$31,617	$41,249			

*Based on those supplying data. All figures are quartiles or medians and do not necessarily add to totals shown.

Exhibit 26 represents information on payroll, employee benefits and employment statistics for the major regions. The productivity index (total sales divided by net payroll and related expenses), when compared with the preceding year, increased nearly 11 percent in 1980 for all hotels. In all, nine regions

Exhibit 26
Cash Payroll, Employee Benefits, Total Payroll and Employment Statistics*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Payroll & Related Expenses						
Amount Per Room Cash Payroll	$ 6257	$ 3676	$ 2648	$10,176	$ 7079	$ 3290
Net Payroll & Related Expenses**	8490	5787	3548	12,284	10,878	$ 3868
Employee Benefits—Ratio to Cash Payroll	38.8%	65.5%	45.7%	18.3%	44.9%	17.9%
Cost Per Employee						
Cash Payroll	$ 8292	$ 2830	$ 1486	$12,567	$ 5174	$ 2455
Net Payroll & Related Expenses**	10,662	4394	2389	15,320	7311	3,869
Employment Statistics						
Sales Per Employee						
Rooms	$51,958	$29,910	$21,623	$66,044	$49,487	$30,619
Food & Beverage	24,665	16,875	9718	31,549	18,501	13,260
Telephone	50,526	22,276	13,218	144,878	13,164	4848
Minor Departments	31,758	60,602	23,564	75,726	27,074	28,596
Total Sales Per Employee	$31,617	$19,682	$11,633	$40,812	$26,480	$15,619
Productivity Index						
1980	2.99	3.83	5.45	2.45	2.99	3.75
1979	2.70	3.59	5.06	2.61	2.98	3.44
Number of Full-Time Equivalent Employees Per 100 Available Rooms						
Rooms	25.6	33.4	41.5	19.2	33.5	28.3
Food & Beverage	43.2	62.7	71.1	46.4	59.5	44.9
Telephone	2.0	2.2	3.1	1.9	2.2	3.7
Minor Departments	2.5	3.5	6.5	1.0	4.1	10.3
Administrative & General	9.1	14.2	12.4	10.7	13.5	19.1
Marketing—Sales	1.3	1.1	1.7	3.2	1.4	1.4
Marketing—Other	.6	.5	1.3	—	—	2.1
Property Operation & Maintenance	9.8	14.3	17.2	4.1	9.0	11.6
Personnel	1.5	1.5	1.7	1.5	2.2	3.0
House Laundry	4.1	4.3	7.5	3.4	5.5	4.0
Other	1.1	1.6	1.9	21.3	.6	—
Total	86.0	139.0	170.7	83.3	141.2	105.8

*Based on those supplying data. All figures are medians and do not necessarily add to totals shown.
**After credit for service charges.

reported an increase in productivity with the sharpest gains achieved in Canada, Europe and the United States. The largest drop in the index was slightly more than 8 percent in Mexico followed by 6 percent in Australasia.

A comparison of departmental payroll and related

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$ 7626	$ 4090	$ 7126	$ 5202	$ 6790	$ 4003	$ 6136	$ 4879
9581	5481	10,000	7977	8248	5660	8301	9881
33.5%	46.9%	38.0%	78.4%	20.5%	38.0%	35.1%	95.2%
$10,758	$ 2753	$11,264	$ 5170	$ 8667	$ 4146	$ 9147	$ 4828
12,973	3377	15,848	9099	10,477	5448	12,064	8048
$58,080	$36,147	$44,228	$63,224	$51,306	$40,130	$69,328	$52,631
28,159	17,750	20,218	25,696	25,582	20,075	20,393	20,674
43,873	43,440	24,951	36,191	26,729	14,422	42,301	25,864
61,299	55,356	65,705	71,300	39,386	13,179	49,752	32,379
$36,790	$19,435	$49,325	$27,757	$28,946	$20,855	$34,718	$21,999
2.73	5.24	3.04	3.17	2.82	3.77	2.97	3.09
2.39	4.81	2.72	3.24	2.44	4.10	2.43	3.12
24.6	36.6	22.9	21.8	19.4	25.1	20.1	31.2
37.7	63.3	45.0	44.1	32.3	47.8	32.7	53.9
1.8	2.1	1.4	2.3	1.3	2.5	1.5	2.8
1.4	2.5	1.5	2.6	.9	4.9	2.4	3.8
7.8	12.5	7.3	9.9	4.6	14.5	6.6	12.7
1.1	1.8	1.5	1.0	1.6	1.6	1.6	.9
.4	1.0	—	.4	.1	1.5	.9	.6
3.7	7.6	9.0	8.4	3.7	8.6	3.1	9.5
1.1	1.4	.4	3.0	.5	.9	.7	1.7
3.1	5.7	2.7	4.0	3.1	4.9	3.2	5.8
.5	.9	—	1.4	.7	2.2	2.3	.6
76.7	140.4	74.7	98.6	66.0	89.2	63.6	115.9

expenses per occupied room per day at various levels of occupancy is shown in Exhibit 27. It is apparent from this table that departmental payrolls are relatively fixed and do not fluctuate according to occupancy levels since the amounts decline as occupancy increases. If the expense were variable, the amount would stay constant or increase at the higher occupancy.

Exhibit 27
Payroll and Related Expenses
Per Occupied Room Per Day*

	Room Occupancy				
	Under 50%	50–59%	60–69%	70–79%	80% & Over
Rooms	$ 9.40	$ 8.74	$ 9.20	$ 8.53	$ 7.55
Food & Beverage	25.85	18.27	17.23	14.79	10.21
Telephone	.86	.73	.74	.66	.63
Minor Departments	1.54	.60	.67	.60	.47
Administrative & General	10.40	5.58	4.75	4.37	3.47
Marketing	1.00	.75	1.02	.97	.68
Property Operation & Maintenance	4.39	2.90	2.48	2.09	1.84
Personnel	1.11	1.04	.63	.48	.37
House Laundry	1.44	1.00	1.12	1.13	.77
Other	1.00	.46	.30	.23	.21
Total	$57.57	$35.78	$37.10	$33.64	$25.10

*Based on those supplying data. All figures are medians.

Other expenses

In the rooms department, commissions (including travel agents') show an obvious upward trend in relation to increasing occupancy levels. Laundry and dry cleaning and reservation expenses also vary as the occupancy increases, although a portion of laundry expense is apparently fixed, since it drops when occupancy goes above 70 percent. The comparison is shown in Exhibit 28.

Exhibit 28
Rooms Department Expenses
Per Occupied Room Per Day*

	Room Occupancy				
	Under 50%	50–59%	60–69%	70–79%	80% & Over
Payroll & Related Expenses	$ 9.40	$ 8.74	$ 9.20	$ 8.53	$ 7.55
Commissions (Including Travel Agents')	.33	.35	.52	.69	.64
Contract Cleaning	.22	.14	.18	.22	.12
Linen	.58	.43	.44	.48	.44
Laundry & Dry Cleaning	1.19	1.19	1.18	1.04	.91
Operating Supplies	1.30	.84	.90	.86	.92
Other Operating Expenses	1.04	.58	.69	.61	.54
Reservation Expense	.16	.17	.16	.19	.23
Uniforms	.13	.09	.10	.09	.10
Total	$ 14.35	$12.52	$14.67	$12.63	$12.13

*Based on those supplying data. All figures are medians.

Undistributed operating expenses

An analysis of the undistributed operating expenses for the regions is presented in Exhibit 29 on three bases: cost per available room, ratio to room sales and ratio to total sales. Comparison using a fixed base, such as number of rooms, is useful when

Exhibit 29
Analysis of Undistributed Operating Expenses*

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Administrative & General						
Cost Per Available Room						
Payroll & Related Expenses	$1102	$1455	$ 705	$1379	$1456	**
Other	1480	1577	1168	1551	1854	**
Total	$2720	$2996	$2062	$3010	$3254	
Ratio To:						
Room Sales	21.1%	29.1%	21.8%	20.6%	25.5%	25.7%
Total Sales—1980	10.9	13.4	8.2	8.7	12.9	12.4
Total Sales—1979	10.4	14.2	9.5	6.8	10.7	14.1
Increase (Decrease)	4.8%	(5.6)%	(13.7)%	27.9%	20.6%	(12.1)%
Marketing						
Cost Per Available Room						
Payroll & Related Expenses	$ 216	$ 106	$ 88	$ 337	$ 164	**
Other	670	701	602	1108	1756	**
Total	$ 867	$ 756	$ 740	$1412	$2120	
Ratio To:						
Room Sales	6.4%	5.6%	7.5%	9.6%	9.6%	5.7%
Total Sales—1980	3.4	2.5	2.7	4.6	4.9	2.4
Total Sales—1979	3.4	2.2	2.4	2.1	5.3	4.1
Increase (Decrease)	—%	13.6%	12.5%	119.0%	(7.5)%	(41.5)%
Energy Costs						
Cost Per Available Room	$1048	$1422	$1295	$ 861	$2378	**
Ratio To:						
Room Sales	8.0%	12.3%	14.9%	5.5%	15.2%	16.8%
Total Sales—1980	4.2	5.0	6.3	2.5	7.8	8.8
Total Sales—1979	3.9	6.3	6.3	2.9	4.7	7.5
Increase (Decrease)	7.7%	(20.6)%	—%	13.8%	66.0%	17.3%
Property Operation & Maintenance						
Cost Per Available Room						
Payroll & Related Expenses	$ 577	$ 638	$ 417	$ 475	$ 836	**
Other	878	1052	817	1078	1511	**
Total	$1504	$1831	$1404	$1543	$2541	
Ratio To:						
Room Sales	11.5%	14.2%	13.2%	9.8%	18.7%	15.3%
Total Sales—1980	5.8	6.4	6.5	4.8	8.6	7.8
Total Sales—1979	5.5	7.0	6.2	4.4	8.1	6.4
Increase (Decrease)	5.5%	(8.6)%	4.8%	9.1%	6.2%	21.9%

*All figures are medians and do not necessarily add to totals shown.
**Insufficient data.

determining actual increases or decreases in comparative amounts spent, while basing the amounts on room sales and total sales gives an indication of the extent to which higher prices offset rising costs. The median ratios to total sales for each expense for 1980 are shown together with the percentage variance. Only marketing expenses remained stable in 1980.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$1257	$ 698	$1017	$1600	$ 837	$ 904	$ 961	$1461
1266	1356	2471	2019	931	1474	1554	1589
$2753	$2527	$3947	$3663	$1717	$2152	$2580	$3317
19.9%	19.3%	21.5%	27.9%	17.7%	23.6%	19.0%	21.6%
10.3	7.6	12.5	12.5	7.9	11.4	11.6	11.1
10.0	8.1	12.3	12.2	8.7	11.9	10.7	10.9
3.0%	(6.2)%	1.6%	2.5%	(9.2)%	(4.2)%	8.4%	1.8%
$ 244	$ 200	$ 213	$ 162	$ 254	$ 122	$ 287	$ 219
609	789	755	749	645	817	709	619
$ 755	$ 868	$ 983	$ 893	$ 800	$ 879	$1005	$ 839
5.5%	5.9%	5.8%	6.2%	8.2%	9.0%	7.3%	6.4%
2.8	3.3	3.2	3.2	4.9	5.2	4.3	3.1
3.0	3.3	2.8	2.3	3.6	4.5	4.4	3.4
(6.7)%	—%	14.3%	39.1%	36.1%	15.6%	(2.3)%	(8.8)%
$1095	$1498	$ 981	$ 965	$ 648	$ 545	$ 991	$ 792
8.0%	10.5%	5.2%	7.8%	6.6%	4.6%	7.2%	6.5%
4.1	4.9	3.1	3.8	3.4	2.3	4.4	3.4
3.8	4.1	2.9	2.6	2.8	2.8	4.2	3.7
7.9%	19.5%	6.9%	46.2%	21.4%	(17.9)%	4.8%	(8.1)%
$ 539	$ 371	$ 911	$ 818	$ 478	$ 464	$ 548	$ 892
912	682	619	1026	689	668	609	1254
$1513	$1007	$1516	$2057	$1298	$1119	$1208	$2173
10.6%	11.0%	13.5%	14.1%	12.3%	11.6%	8.9%	14.2%
5.5	4.0	6.2	7.1	5.8	6.8	5.3	7.2
5.2	4.7	5.8	5.6	5.2	6.3	5.3	6.2
5.8%	(14.9)%	6.9%	26.8%	11.5%	7.9%	—%	16.1%

Exhibit 30
How the Marketing Dollar Was Spent*—
By Selected Criteria

	Mean, All Hotels	By Location		By Market		Hotels Reporting	
		City	Resort	Predominantly Tourist	Other	Net Income	Loss
Payroll & Related Expenses							
Sales	16.6%	16.9%	10.8%	11.5%	19.1%	17.3%	15.3%
Other	1.5	1.4	1.5	1.1	1.9	1.7	.9
Sales							
Travel & Entertainment	8.5	8.0	11.4	12.4	8.7	8.4	8.8
Other	4.9	5.1	4.3	5.7	5.1	4.5	3.5
Advertising							
Print	23.6	24.3	20.6	27.5	23.4	23.8	23.6
Radio & TV	1.7	1.6	2.1	2.2	1.5	1.7	1.8
Outdoor	2.3	2.7	.6	2.0	2.4	2.7	1.0
Other	4.5	3.9	7.3	4.1	4.1	4.6	4.7
Merchandising	5.4	5.8	3.6	5.1	4.0	5.3	6.9
Public Relations & Publicity	3.8	4.0	3.7	5.5	5.1	3.9	3.1
Research	.3	.3	.5	.3	.4	.3	.2
Fees & Commissions							
Franchise Fees	7.3	7.3	9.7	6.4	9.0	7.3	6.3
Other	2.2	2.0	4.4	2.7	2.6	2.1	2.7
All Other Selling & Promotion Expenses	17.4	16.7	19.5	13.5	12.7	16.4	21.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Marketing Cost Index	$21.55	$23.44	$13.51	$15.56	$23.46	$21.98	$17.48

*Based on those supplying data. All ratios are based on arithmetic mean.

Administrative and general expenses and property operation and maintenance costs increased by about 5 percent, while energy costs rose nearly 8 percent in relation to total sales.

Exhibit 30 is an illustration of how hotels dealing with different types of clientele allocate marketing expenses. For all hotels, print advertising was the primary method of marketing the property with a significant portion being allocated to travel and entertainment and merchandising. City hotels allocated substantially more of their marketing dollar to payroll and print advertising than did the resort properties. The resort properties tended to put more emphasis on travel and entertainment and chain identification (nearly 10 percent of the marketing dollar went to franchise fees).

Also shown are the ratios for hotels reporting net income and those reporting losses, which show very little difference in the proportion of the dollar spent on any particular expense. A more significant analysis is the comparison of the variance in the marketing cost index (total sales divided by total marketing cost plus the cost of travel agents' commissions and reservation expenses recorded in the rooms department). Those hotels reporting net income spent 10 percent more on marketing but generated nearly 26 percent more revenue for each dollar expended.

In Exhibit 31, the quartile and median amounts per available room and ratios to room sales and to total sales are shown for management fees for all hotels reporting data. Nearly 51 percent of the sample provided such information. Compared with 1979, there were sharp increases in the medians. The amount per room was up 45 percent and the ratio to total sales nearly 7 percent. Apparently, the contracts contain provisions for higher rates as sales increase.

Exhibit 31
Management Fees—All Hotels*

	Lower Quartile	Median	Upper Quartile
Amount Per Room	$394	$826	$1483
Ratio to Room Sales	4.2%	6.3%	10.6%
Ratio to Total Sales	2.0%	3.2%	5.5%

*Based on those supplying data—51 percent of all hotels.

The energy costs per occupied room per day of the various regions and for the sample broken down by age, size and occupancy are shown in Exhibits 32 and 33.

In 1980, energy costs per occupied room per day for all hotels rose 34 percent over 1979 as occupancies declined, while energy prices were increasing. Only three regions reported a decrease in energy cost—Africa, Mexico and South America. The two latter regions have the advantage of a large supply of domestic energy sources, which allow for lower costs

Exhibit 32
Energy Costs Per Occupied Room Per Day*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Fuel	$1.21	$1.21	$ .83	$ .64	$1.25	$ .91
Electricity	2.35	2.78	4.75	1.92	5.94	4.25
Water	.45	.69	.45	.45	.63	.66
Steam	.69	.05	.66	—	1.67	—
Credit for Sale of Energy	(.14)	(.11)	(.52)	(.01)	(1.19)	—
Net Energy Cost—1980	$4.26	$5.28	$5.78	$2.83	$8.63	$5.87
Net Energy Cost—1979	$3.18	$5.40	$3.69	$2.53	$5.01	$4.56
Increase (Decrease)	34.0%	(2.2)%	56.6%	11.9%	72.3%	28.7%

*All figures are medians and do not necessarily add to totals shown.

Exhibit 33
Energy Costs Per Occupied Room Per Day*—By Selected Criteria

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940–1959	1960–1969	1970s	Under 150 Rooms	150-299 Rooms
Fuel	$2.12	$ .55	$1.22	$ .89	$2.05	$1.21
Electricity	1.91	2.30	2.62	2.50	1.90	2.41
Water	.40	.53	.50	.41	.41	.49
Steam	1.41	1.48	.82	.73	.22	.38
Credit for Sale of Energy	(.12)	(.05)	(.30)	(.15)	(.23)	(.20)
Net Energy Cost—1980	$4.48	$4.14	$4.39	$4.13	$4.35	$4.64
Net Energy Cost—1979	$3.68	$2.89	$3.06	$3.21	$2.23	$3.27
Increase (Decrease)	21.7%	43.3%	43.5%	28.7%	95.1%	41.9%

*All figures are medians and do not necessarily add to totals shown.

to local users. Hotels in the Caribbean experienced the sharpest increase in energy costs during the year, reaching $8.63 per occupied room per day, an increase of 72.3 percent. There were several sharp increases in energy cost when the hotels were analyzed by age, size and occupancy. The largest percentage increase was in the smaller properties and those with lower occupancies. The potential saving in energy cost appears to be quite high in those properties with occupancies below 50 percent, particularly in the cost of electricity.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$1.74	$ .78	$ .97	$ .79	$ .52	$ .20	$ .57	$ .31
1.95	3.96	2.54	2.83	1.31	1.31	2.37	1.95
.48	.32	.24	.80	.33	.40	.29	.54
.86	—	—	.09	1.52	.07	1.86	.08
(.20)	(.27)	(.14)	(.11)	(.08)	—	(.03)	(.09)
$4.53	$5.12	$3.96	$4.45	$2.27	$1.94	$3.75	$2.97
$3.48	$3.18	$3.10	$3.06	$1.84	$1.95	$3.05	$3.23
30.2%	61.0%	27.7%	45.4%	23.4%	(.5)%	23.0%	(8.1)%

Size of Hotel		Occupancy				
300-600 Rooms	Over 600 Rooms	Under 50%	50–59%	60–69%	70–79%	80% & Over
$ .89	$ .91	$2.24	$1.72	$1.41	$1.21	$ .77
2.41	2.41	3.92	2.36	2.47	2.17	1.80
.46	.35	.65	.46	.48	.49	.33
1.14	1.80	.99	1.05	.64	.51	.73
(.12)	.13	(.14)	(.53)	(.13)	(.14)	(.12)
$4.03	$4.10	$8.72	$4.90	$4.43	$4.15	$2.99
$2.91	$3.24	$5.03	$3.06	$3.65	$3.23	$2.44
38.5%	26.5%	73.4%	60.1%	34.3%	28.5%	22.5%

A breakdown of how the maintenance dollar was spent by the various age groups is shown in Exhibit 34. Payroll and related expenses absorbed more than 45 percent of the property operation and maintenance dollar in establishments built between 1940 and 1959, but accounted for slightly less than 40 percent in newer properties. In the newer properties, less was spent on the building but more on electrical

Exhibit 34
How the Property Operation and Maintenance Dollar Was Spent*—By Age of Hotel

	Mean, All Hotels	Built Age of Hotel			
		Built Pre-1940	1940–1959	1960–1969	1970s
Payroll & Related Expenses	39.0%	36.1%	43.8%	39.6%	39.9%
Building	11.7	23.3	12.4	10.2	7.4
Electrical & Mechanical Equipment	15.6	13.5	16.2	15.2	16.9
Furniture	4.7	4.4	4.1	3.9	4.5
Grounds & Landscaping	1.9	.9	1.9	2.0	2.2
Operating Supplies	4.5	5.3	4.0	5.0	4.5
Painting & Decorating	5.5	7.0	4.3	9.0	4.0
Removal of Waste Matter	1.7	1.5	1.3	1.9	1.6
All Other Expenses	15.4	8.0	12.0	13.2	19.0
Total	100.0%	100.0%	100.0%	100.0%	100.0%

*Based on arithmetic mean.

Exhibit 35
Method of Payment for Hotel Services*—By Region

	Cash	Credit Card	Travel Agent & Tour Operator	All Other Credit
Africa	27.9%	15.0%	33.2%	23.9%
Asia	31.3	20.5	16.4	31.8
Australasia	18.7	20.0	13.0	48.3
Caribbean	28.1	28.6	37.9	5.4
Central America	24.3	30.7	24.3	20.7
Europe	34.6	28.1	13.2	24.1
Far East	34.0	30.2	16.9	18.9
Hawaii & Pacific Islands	28.5	32.0	24.5	15.0
Middle East	30.9	18.9	12.9	37.3
North America				
Canada	35.6	38.6	6.9	18.9
Mexico	33.9	35.5	17.7	12.9
United States	27.4	58.9	3.6	10.1
South America	28.4	39.5	8.0	24.1
All Hotels—1980	32.0%	28.7%	16.1%	23.2%
All Hotels—1979	33.9%	26.3%	15.9%	21.9%

*Based on arithmetic mean.

and mechanical equipment, and grounds and landscaping.

Credit and collection data

Continuing a trend noted in 1978 in which a smaller percentage of guest accounts were settled in cash, only 32 percent of the guests paid in cash in 1980, while nearly 29 percent used credit cards. Payments received from travel agents and tour operators remained nearly stable in 1980, increasing by only 1 percent. The detail is shown by region in Exhibit 35.

Credit card usage varies considerably by region and by type of hotel, as shown in Exhibits 36 and 37. They are used much more widely in North America and South America but less in Africa, Central America and Hawaii and the Pacific Islands. Overall, credit card commissions as an amount per occupied room rose 17.9 percent in 1980, but remained constant at 0.9 percent of total sales. Credit card settlement was more common in the larger properties and in hotels with high room rates.

Exhibit 36
Credit Card Commission—Annual Cost Per Occupied Room*—By Region

	Annual Cost Per Occupied Room	Ratio To Total Sales
Africa	$144	.3%
Asia	209	.6
Australasia	368	.9
Caribbean	355	.7
Central America	127	.4
Europe	324	.8
Far East	380	1.0
Hawaii & Pacific Islands	177	.6
Middle East	298	.6
North America		
Canada	286	1.0
Mexico	392	1.4
United States	373	1.2
South America	448	1.2
Median—All Hotels	$309	.9%

*All figures are medians.

Exhibit 37
Credit Card Commission—Annual Cost Per Occupied Room*—By Selected Criteria

	Annual Cost Per Occupied Room	Ratio To Total Sales
Age		
Built Pre-1940	$289	.8%
1940–1959	342	.9
1960–1969	315	.9
1970s	306	.9
Size		
Under 150 Rooms	261	.7
150–299	260	.8
300–600	368	1.0
Over 600	372	1.0
Rate**		
Group 1	188	.7
Group 2	285	.9
Group 3	399	.9
Group 4	662	1.1
Occupancy		
Under 50%	231	.6
50–59%	245	.7
60–69%	348	.9
70–79%	353	1.0
80% & Over	258	.8
Location		
City	314	.9
Resort	238	.7
Market		
Predominantly Tourist	222	.7
Other	352	.9
Rating		
Luxury	399	.9
First Class	275	.8
Food & Beverage Sales—Ratio To Room Sales		
Under 50%	260	1.0
50–74%	331	1.0
75%–99%	334	.9
100% & Over	284	.7
Median, All Establishments	$309	.9%

*All figures are medians.
**In $U.S. See page 22.

Fixed charges

Exhibit 38 shows a comparison by region of the median amounts per available room and ratios to total sales of fixed charges, which include rent, property taxes, insurance on buildings and contents, interest and depreciation. The amount per available room of total fixed charges increased by less than 1 percent during 1980. However, because of the rapid increase in sales, fixed charges declined by more than 20 percent as a ratio to total sales. Hotels in Australasia, the Caribbean and Canada reported sharp increases in fixed charges, while in the Far East the amount

Exhibit 38
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales—By Region

	Median, All Hotels	Africa	Asia	Australasia	Caribbean
Amount Per Room					
Rent	$1169	$ 874	$ 277	$5280	$ 533
Property Taxes	549	250	124	650	105
Insurance on Buildings & Contents	107	189	93	153	135
Interest Expense	499	834	1021	*	1434
Depreciation & Amortization	858	781	767	355	894
Total Fixed Charges	$2719	$3395	$1168	$6329	$4877
Ratio To Total Sales—1980	11.0%	11.3%	5.9%	16.8%	12.4%
Ratio To Total Sales—1979	13.8	16.7	8.1	8.9	9.3
Increase (Decrease)	(20.3)%	(32.3)%	(27.2)%	88.8%	33.3%

*Insufficient data.

Exhibit 39
Fixed Charges—Median Amounts Per Room and Ratio to Total Sales—By Selected Criteria

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940-1959	1960-1969	1970s	Under 150 Rooms	150-299 Rooms
Amount Per Room						
Rent	$ 94	$ 781	$1548	$1550	$ 879	$1169
Property Taxes	569	438	480	612	614	480
Insurance on Buildings & Contents	83	57	86	118	117	114
Interest Expense	932	789	303	614	556	525
Depreciation & Amortization	740	1099	751	867	648	909
Total Fixed Charges	$1756	$2827	$2550	$3195	$2196	$2690
Ratio To Total Sales—1980	6.8%	12.9%	10.2%	13.5%	8.2%	10.0%
Ratio To Total Sales—1979	11.0	11.8	11.9	16.8	11.9	14.1
Increase (Decrease)	(38.2)%	9.3%	(14.3)%	(19.6)%	(31.1)%	(29.1)%

dropped 47 percent in relation to total sales.

Exhibit 39 shows the median amounts per available room and ratios to total sales of fixed charges for the sample broken down by age, size and other criteria As expected, fixed charges are lower for the smaller and older properties than for the larger and newer ones. This enables the operators of such properties to compete more effectively in pricing rooms because of the increased flexibility stemming from the variable expenses. With a larger portion of total expenses being fixed, the newer properties require a much longer period to cover these costs.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
*	$1197	$1169	$1044	$3445	$2048	$2038	$ 793	$1859
*	645	228	538	243	1385	199	520	483
*	116	118	33	80	46	107	60	179
*	463	453	1012	39	1397	744	922	714
*	793	915	1736	969	544	558	1109	1149
$1971	$2706	$1575	$3652	$1219	$3711	$2872	$3607	$3626
12.7%	10.0%	7.2%	10.3%	6.6%	21.1%	16.9%	16.5%	15.9%
14.7	14.1	13.6	10.4	6.6	17.8	16.2	15.2	18.5
(13.6)%	(29.1)%	(47.1)%	(1.0)%	—%	18.5%	4.3%	8.6%	(14.1)%

Size of Hotel		Location		Market		Rating	
300–600 Rooms	Over 600 Rooms	City	Resort	Predominantly Tourist	Other	Luxury	First Class
$1797	$ 714	$1093	$ 618	$ 668	$1933	$2964	$ 492
505	679	558	410	246	542	520	645
102	79	103	130	132	119	125	105
369	614	503	756	459	412	275	1053
901	1029	809	906	793	964	953	793
$3195	$5958	$2733	$2398	$2365	$3705	$3895	$2219
13.9%	18.1%	11.1%	9.5%	10.9%	14.0%	11.1%	9.3%
13.7	15.4	15.2	9.4	15.5	11.6	13.7	14.1
1.5%	17.5%	(27.0)%	1.1%	(29.7)%	20.7%	(19.0)%	(34.0)%

Balance sheet statistics

The typical liquidity ratios, those used to measure the extent to which a company can cover current obligations, are listed in Exhibit 40 for the entire group and by region. Liquidity dropped sharply in 1980 for those hotels providing this information. The

Exhibit 40
Balance Sheet Statistics—Liquidity Ratios*—By Region

	All Hotels	Africa	Asia	Australasia	Caribbean	Central America
Current Position:						
Ratio of Current Assets to Current Liabilities	$ 1.22	$ 1.27	$ 1.77	$ 1.64	$ 1.04	$ 1.77
Accounts Receivable:						
Amount Per Room	$1882	$3181	$2046	$1836	$2441	$2446
Ratio to Total Sales	6.9%	11.5%	9.4%	5.1%	8.7%	10.0%
Food Inventory						
Amount Per Room	$ 137	$ 280	$ 154	$ 102	$ 314	$ 103
Annual Turnover	21.1	10.8	16.9	23.6	13.6	**
Beverage Inventory						
Amount Per Room	$ 195	$ 331	$ 205	$ 221	$ 279	$ 80
Annual Turnover	4.5	3.2	3.7	5.4	3.6	**
Operating Supplies Inventory						
Amount Per Room	$ 454	$1055	$1023	$ 288	$ 610	$ 789

*All figures are medians.
**Insufficient data.

current position, or ratio of current assets to current liabilities, declined from $1.54 in 1979 to $1.22 in 1980. Accounts receivable dropped slightly in ratio to total sales but increased by 24 percent per available room. Turnover of the food and beverage inventories was also lower.

				North America			
Europe	Far East	Hawaii & Pacific Islands	Middle East	Canada	Mexico	United States	South America
$ 1.06	$ 1.5[illegible]	$ .91	$ 1.50	$ 1.00	$ 1.39	$ 1.02	$ 1.28
$1708	$2205	$1465	$3638	$1168	$1652	$ 943	$2985
6.5%	8.1%	5.5%	11.2%	5.0%	7.3%	4.4%	8.9%
$ 114	$ 196	$ 252	$ 384	$ 109	$ 94	$ 66	$ 145
28.2	19.4	13.0	10.5	22.3	17.6	28.0	19.0
$ 215	$ 159	$ 380	$ 193	$ 214	$ 127	$ 49	$ 222
4.1	5.0	2.7	3.7	5.4	3.6	8.2	3.5
$ 237	$ 336	$ 360	$1245	$ 188	$ 342	$ 299	$1050

Exhibit 41 contains a pro forma balance sheet expressed in U.S. dollars per available room, showing also the ratios of those amounts to total assets and to total sales. This information is taken from the questionnaires submitted that contained complete balance sheets, including land, building and equipment.

The more limited sample was used because of the varying practices used in different countries to make

Exhibit 41
Pro Forma Balance Sheet—All Hotels*

Assets	Amount Per Room	Ratio To Total Assets	Ratio To Total Sales
Current Assets			
Cash on Hand & in Banks	$ 2429	7.0%	8.9%
Accounts Receivable—Net	2739	7.9	10.0
Inventories	1098	3.2	4.0
Prepaid Expenses & Other	1509	4.3	5.5
Total Current Assets	$ 7775	22.4%	28.4%
Fixed Assets			
Land	$ 4266	12.3%	15.6%
Building	20,039	57.6	73.2
Furniture & Fixtures	6458	18.6	23.6
Operating Equipment	1044	3.0	3.8
Total	$31,807	91.5%	116.2%
Less Accumulated Depreciation	8126	23.4	29.7
Net Book Value	23,681	68.1	86.5
Other Assets	3319	9.5	12.1
Total Assets	$34,775	100.0%	127.0%
Liabilities & Equity			
Current Liabilities			
Accounts Payable	$ 2055	5.9%	7.5%
Accrued Liabilities	1864	5.4	6.8
Other Current Liabilities	1784	5.1	6.5
Current Portion of Long-Term Debt	766	2.2	2.8
Total	$ 6469	18.6%	23.6%
Long-Term Debt	9620	27.7	35.1
Other Liabilities (Including Amounts Due Affiliates)	4508	12.9	16.5
Total Liabilities	20,597	59.2%	75.2%
Equity (Including Intercompany) Net Worth)	14,178	40.8	51.8
Total Liabilities & Equity	$34,775	100.0%	127.0%

*Based on the arithmetic mean of those supplying complete data.

the statements of companies using off-balance sheet financing (i.e., capital leases) more comparable to those of companies in which fixed assets are wholly owned.

The analysis of the data provided concerning the value of fixed assets per available room is shown in Exhibit 42, broken down for wholly-owned properties and those in which part of the fixed assets are leased. The average age of the properties reporting is 10 to 15 years so the amounts do not reflect current construction costs. However, the relationships can be considered typical (that is, the ratio of the value of land to total fixed assets) so that the figures can be used for comparison. The average rent per available room and ratios to total sales are also shown based on those hotels supplying the detail.

Summary

Exhibits 43 to 46 (pages 74-85) contain the median amounts per available room and ratios to total sales for the regions and for the sample analyzed by age, size and various other criteria. Exhibit 47 (pages 86-97) displays the medians and quartiles of selected performance and financial measurements by region.

A drop in demand for lodging facilities combined with an increase in capacity caused room occupancy to decline sharply in 1980. The occupancy rate was only 70 percent during the year, a drop of nearly 6 percent. Although the average daily room rate rose substantially, increasing 26 percent to $49.20, and total revenue increased 21 percent, net income was up by only 11 percent. Apparently, more Americans traveled abroad in the first part of 1981, and in several countries there has been an increase in domestic travel as unfavorable exchange rates encourage people to take vacations closer to home. The outlook for the remainder of 1981 and probably the first part of 1982 is for general economic conditions to begin to improve. The supply of oil is in excess of normal requirements and many countries appear to be bringing inflation under control. These signs are favorable for tourist travel and 1981 is expected to be a better year for the worldwide lodging industry. ■

Exhibit 42
Cost of Fixed Assets—All Hotels*

	Wholly Owned	Land Only Leased	Land & Building Leased
Land	$ 4266		
Building & Improvements	20,039	$17,196	$ 7235
Furniture, Fixtures & Improvements	6458	5750	5126
Operating Equipment	1044	1529	1458
Total	$31,807	$24,475	$13,819
Rent			
Per Available Room		$ 1557	$ 3492
Ratio to Total Sales		4.5%	9.2%

*Based on arithmetic means of those supplying complete data.
**Leasehold improvements.

Exhibit 43
Statement of Income and Expenses—Median Amounts Per Available Room*

	All Hotels	Africa	Asia	Australasia	Caribbean
Rooms					
Sales	$12,430	$10,563	$ 9756	$14,764	$15,836
Departmental Expenses					
Payroll & Related Expenses	2085	1097	691	3098	2434
Other	1094	920	907	1373	2348
Total	3119	2211	1597	4224	4092
Departmental Income	9199	8507	8325	10,575	10,600
Food & Beverage					
Sales					
Food	6838	7257	5713	8851	7296
Beverage	3090	3358	1841	6029	3248
Total	9978	11,031	7863	14,880	11,068
Cost of Sales					
Food	2415	2657	2149	2573	2733
Beverage	818	1064	637	1637	798
Total	3293	3874	2769	4210	3458
Gross Profit	6596	6616	4655	10,670	7205
Public Room Sales	194	76	117	226	29
Other Income	118	139	107	960	416
Gross Profit & Other Income	6925	7171	4882	12,010	7205
Departmental Expenses					
Payroll & Related Expenses	3642	2411	1556	6746	4865
Other	1025	1458	1172	1009	2083
Total	4862	3948	2537	6555	6539
Departmental Income	2001	3226	2851	2405	928
Telephone Departmental Income	19	97	52	141	(276)
Net Income From Minor Operated Departments	137	424	319	316	49
Rentals & Other Income	426	499	654	396	512
Gross Income	12,392	14,963	12,295	13,909	11,939
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related Expenses	1162	1455	705	1379	1456
Other	1400	1577	1168	1551	1854
Total	2720	2279	2062	3010	3254
Marketing	867	756	740	1412	2120
Energy Costs	1048	1422	1295	861	1540
Property Operation & Maintenance	1504	1831	1404	1543	2541
Total Undistributed Expenses	6226	7221	5053	6782	10,400
Income Before Fixed Charges	6128	6439	7589	7383	2270
Property Taxes & Insurance	656	439	217	803	240
Income Before Interest & Depreciation	$ 3946	$ 2267	$ 6468	$ 2348	$ 2027

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
$ 8653	$12,817	$14,240	$18,841	$14,059	$ 9727	$10,970	$13,334	$14,309
991	2620	1077	2940	1364	1928	1408	2025	2049
763	1124	1440	2731	1148	858	1176	938	1044
1813	3656	2359	5608	2613	2627	2751	3060	3253
6840	9111	11,932	12,667	11,260	7138	8509	10,422	11,403
5004	7394	8065	7992	7513	5493	5792	5596	6071
1999	3369	3526	2736	2589	3307	3142	2253	3477
7003	11,183	10,704	10,704	10,300	8846	9583	7703	9517
2249	2561	2947	3169	2513	1898	1675	1847	2008
557	1014	735	597	492	962	611	446	712
2806	3784	3765	3748	2817	2867	2398	2362	2750
4197	7371	6793	7466	6999	6040	6853	5340	6664
280	278	77	29	76	194	240	193	153
112	94	78	50	271	166	374	66	231
4394	7552	7075	8005	7281	6200	7247	5912	6949
1829	4334	2421	4642	3349	3817	2290	3396	3819
658	849	1525	1206	1401	1068	1283	889	1288
2487	5159	3749	5848	4742	4873	3484	4406	4907
1906	1996	4014	2568	2268	1327	3826	1083	2390
(50)	57	24	(208)	152	(116)	36	(181)	11
188	96	378	30	363	21	201	20	318
699	351	628	1033	527	281	708	266	536
9863	12,332	17,306	16,241	14,755	8421	11,557	11,790	15,102
1311	1257	698	1017	1600	837	904	961	1461
913	1266	1356	2471	2019	931	1474	1554	1589
2425	2753	2527	3947	3663	1717	2152	2580	3317
292	755	868	983	893	800	879	1005	838
1728	1095	1498	981	965	648	545	991	792
1466	1513	1007	1516	2057	1298	1119	1208	2173
5710	6123	6588	7667	7797	4561	5027	5968	7141
4154	6128	10,073	7105	7031	4756	5689	6101	8244
0	761	346	571	323	1431	306	580	662
$ 1816	$ 3838	$ 8316	$ 5401	$ 5019	$ 1695	$ 4889	$ 3481	$ 4006

Exhibit 44
Ratio To Total Sales*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	All Hotels	Africa	Asia	Australasia	Caribbean
Rooms					
Sales	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses					
Payroll & Related Expenses	16.9	11.7	8.1	20.6	12.4
Other	8.7	8.4	8.4	9.2	14.8
Total	26.1	20.1	16.1	30.1	28.3
Departmental Income	74.0	79.9	83.9	69.9	71.8
Ratio to Total Sales	37.7	35.1	38.6	29.6	35.8
Food & Beverage					
Sales					
Food	69.2	69.3	72.2	61.8	71.4
Beverage	30.8	30.7	27.8	38.2	28.6
Total	100.0	100.0	100.0	100.0	100.0
Cost of Sales					
Food	35.2	37.8	35.9	29.2	40.6
Beverage	25.3	34.9	29.5	28.4	25.5
Total	32.7	37.3	33.7	29.3	37.2
Gross Profit	67.3	62.7	66.3	70.7	62.8
Public Room Sales	2.0	.9	1.1	1.6	.3
Other Income	1.1	1.0	2.0	5.6	3.5
Gross Profit & Other Income	69.7	63.9	69.1	78.7	67.7
Departmental Expenses					
Payroll & Related Expenses	38.9	23.0	18.6	52.2	39.3
Other	10.9	13.4	14.9	12.7	19.4
Total	48.8	36.1	34.5	65.1	59.1
Departmental Income	19.7	24.8	32.9	13.7	9.5
Ratio to Total Sales	7.8	10.0	13.6	6.3	2.7
Telephone Departmental Profit	0	.5	.2	.3	(.7)
Net Income From Minor Operated Departments	.6	1.7	1..4	.9	.2
Rentals & Other Income	1.2	2.0	2.7	1.0	2.3
Gross Income	50.1	52.1	58.9	43.0	40.3
Undistributed Operating Expenses					
Administrative & General					
Payroll & Related Expenses	4.5	6.5	3.1	4.3	5.3
Other	5.7	6.4	5.6	4.5	8.0
Total	10.9	13.3	8.2	8.7	12.9
Marketing	3.3	2.5	2.7	4.6	4.9
Energy Costs	4.2	5.0	6.3	2.5	7.8
Property Operation & Maintenance	5.8	6.4	6.5	4.8	8.6
Total Undistributed Expenses	24.6	29.7	24.1	20.9	35.1
Income Before Fixed Charges	24.9	22.5	34.3	22.7	7.5
Property Taxes & Insurance	2.7	1.7	.9	2.6	.6
Income Before Interest & Depreciation	16.1%	10.2%	28.4%	6.1%	5.5%

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N—Negligible amount.

Central America	Europe	Far East	Hawaii & Pacific Islands	Middle East	North America			South America
					Canada	Mexico	United States	
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
11.4	20.2	8.7	16.6	11.1	19.2	13.6	16.1	12.9
9.6	8.7	9.9	13.5	7.9	9.0	13.2	7.6	7.6
21.0	29.7	18.3	30.1	18.0	28.2	26.0	24.2	22.0
79.0	70.3	81.7	70.0	82.0	71.8	74.0	75.8	78.0
38.2	35.9	38.8	36.8	40.2	37.3	38.2	45.2	40.3
72.8	68.7	72.2	74.1	68.1	62.9	69.9	71.7	64.1
27.3	31.3	27.8	25.9	32.7	37.1	30.1	28.3	35.9
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
37.2	35.1	36.4	32.3	35.9	37.8	31.1	33.6	33.3
23.6	28.8	21.4	21.9	20.9	29.6	19.7	21.8	21.0
33.7	33.8	33.0	30.3	31.9	33.8	26.5	30.2	29.5
66.4	66.2	67.1	69.7	68.1	66.2	73.5	69.8	70.5
5.4	2.4	.6	.3	.7	2.3	2.6	2.5	1.3
1.3	.8	.7	.6	2.6	1.6	4.1	1.0	2.4
69.1	68.6	70.0	71.1	70.3	70.3	76.1	73.1	74.5
26.7	42.0	19.3	36.5	35.3	40.3	25.7	45.2	36.5
11.5	7.9	12.7	11.5	13.6	11.6	13.6	12.3	13.6
38.5	49.7	34.1	47.6	48.7	52.8	38.8	57.5	49.4
27.6	18.6	36.1	23.0	20.2	16.7	37.1	16.3	24.1
10.4	7.5	15.1	9.1	7.9	6.3	14.6	5.0	9.1
(.4)	.3	.1	(.6)	.6	(.8)	.2	(.7)	0
1.2	.3	1.4	.2	1.6	.1	1.0	.1	1.2
2.0	.9	2.3	2.7	1.4	1.1	2.8	1.1	2.0
54.3	45.8	60.6	50.8	54.2	45.0	55.8	52.8	53.5
7.3	4.5	2.8	4.2	5.6	4.0	4.4	4.4	5.5
5.7	4.8	4.2	8.5	7.2	3.6	7.1	6.9	5.7
12.4	10.3	7.6	12.5	12.5	7.9	11.4	11.6	11.1
2.7	2.8	3.3	3.2	3.2	4.8	5.2	4.3	3.1
8.8	4.1	4.9	3.1	3.8	3.4	2.3	4.4	3.4
7.8	5.5	4.0	6.2	7.1	5.8	6.8	5.3	7.2
33.1	23.0	24.9	25.1	26.0	21.7	27.1	25.7	25.8
22.7	23.5	37.4	25.1	26.7	25.7	27.4	26.4	30.2
0	2.9	.9	1.7	1.3	7.8	1.1	2.9	2.6
10.0%	15.3%	27.0%	19.6%	18.5%	10.1%	25.1%	19.2%	15.0%

Exhibit 45
Statement of Income and Expenses—Median Amounts Per Available Room*

	Age of Hotel				Size of Hotel	
	Pre-1940	1940–1959	1960–1969	1970s	Under 150 Rooms	150–299 Rooms
Rooms						
Sales	$12,430	$11,215	$14,860	$11,919	$10,489	$12,103
Departmental Expenses						
Payroll & Related Expenses	2660	2008	2281	1876	2100	2003
Other	1089	1088	1319	996	973	1020
Total	3816	3047	3611	2848	3098	2955
Departmental Income	8799	7748	10,903	9045	7355	9171
Food & Beverage						
Sales						
Food	7980	6701	7332	6068	7760	6911
Beverage	3686	2849	3347	2027	3405	3262
Total	11,557	10,122	11,253	9060	11,073	10,162
Cost of Sales						
Food	2906	2400	2586	2168	2789	2489
Beverage	1251	669	875	739	1096	878
Total	4136	3190	3626	2921	3915	3417
Gross Profit	7436	6200	7490	6177	7205	7239
Public Room Sales	279	142	181	183	297	176
Other Income	81	83	133	146	72	139
Gross Profit & Other Income	7575	6200	8301	6436	7355	7537
Departmental Expenses						
Payroll & Related Expenses	4654	3010	4326	3341	3912	3772
Other	909	1180	1264	995	796	1086
Total	5406	4852	5560	4494	4847	4866
Departmental Income	1751	1416	2135	1994	2327	1817
Telephone Departmental Income	(6)	(104)	(42)	39	(3)	49
Net Income From Minor Operated Departments	36	100	130	173	126	101
Rentals & Other Income	561	499	705	338	294	421
Gross Income	11,432	10,333	13,071	12,165	11,397	12,332
Undistributed Operating Expenses						
Administrative & General						
Payroll & Related Expenses	1435	1136	1190	1118	1259	1166
Other	1577	1412	1505	1405	1216	1328
Total	3225	2725	2819	2640	2555	2888
Marketing	710	774	898	860	603	852
Energy Costs	1110	1049	1119	1006	1007	1130
Property Operation & Maintenance	1685	1537	1770	1342	1504	1523
Total Undistributed Expenses	6682	6390	6742	6034	5998	6521
Income Before Fixed Charges	4364	4506	6600	6479	4977	5826
Property Taxes & Insurance	652	495	566	730	731	594
Income Before Interest & Depreciation	$ 2935	$ 1705	$ 4426	$ 4284	$ 3435	$ 3740

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N—Negligible amount.

Size of Hotel		Room Occupancy					Room Rate			
300–600 Rooms	Over 600 Rooms	Under 50%	50–59%	60–69%	70–79%	80% & Over	Under $40.00	$40.00–$54.99	$55.00–$70.00	Over $70.00
$13,647	$14,919	$6718	$8673	$12,038	$14,123	$16,040	$8310	$11,974	$16,145	$22,680
2088	2293	1243	1729	2146	2293	2286	1504	2054	2640	3403
1219	1250	558	830	1112	1148	1402	708	992	1409	1788
3201	3671	1840	2555	3435	3396	3689	2202	3060	3901	5398
10,436	11,166	4791	6284	8509	10,625	12,047	6025	8653	11,918	17,967
6471	6414	5674	6309	7437	7274	6641	5234	6297	8060	9221
2783	2934	2472	3027	2998	3207	3347	2268	2952	3526	4165
9244	9061	7896	9267	10,517	10,023	10,081	7227	9099	11,792	13,655
2176	2217	2090	2340	2544	2531	2249	1785	2203	2876	3176
650	596	725	950	803	825	801	626	787	960	1005
2820	2817	2733	3304	3571	3280	3344	2372	2993	3962	4168
6242	6405	5327	6248	6874	6894	7106	4885	6236	7841	9252
178	194	50	146	194	234	205	128	178	219	271
131	161	52	68	111	117	188	69	93	161	515
6518	6691	5523	6421	7307	7406	7587	5077	6435	8340	9860
3470	3595	2925	3534	4095	4013	3179	2262	3485	4419	5854
1112	1082	909	873	1062	1049	1165	781	977	1146	1668
4891	4743	4027	4758	5052	5007	4751	3190	4539	5581	7642
1860	2165	1478	1692	1943	1962	2565	1752	1836	2248	2332
18	(84)	(1)	(19)	36	48	(10)	9	(37)	50	165
150	172	146	73	130	138	177	97	133	146	287
467	571	204	363	462	423	489	299	266	508	641
12,835	13,371	6321	8537	12,080	13,324	15,682	8060	11,542	15,158	20,511
1169	950	1353	1147	1163	1253	1071	859	1103	1265	1943
1538	1296	1188	1096	1399	1505	1816	928	1278	1579	2336
2757	2608	2478	2281	2499	2834	3030	1828	2512	2960	4182
955	938	694	627	884	955	875	614	809	946	1380
1032	1078	1093	1007	1059	1136	923	834	1018	1171	1271
1535	1370	1473	1376	1473	1532	1617	981	1403	1753	2309
6601	6166	6000	5059	6022	6682	6662	4561	5961	6891	9608
6615	7858	594	2785	4951	6770	8877	4157	5727	8078	11,443
607	758	596	703	692	752	563	491	651	756	1180
$ 4298	$ 5224	$ 112	$1601	$ 3740	$ 4679	$ 5840	$2462	$ 3226	$ 5696	$ 6581

(Continued on next page)

Exhibit 45 (continued)*

	Restaurant Operated Total Food & Beverage Sales			
	Under 50% Room Sales	50–74% Room Sales	75–99% Room Sales	100% & Over Room Sales
Rooms				
Sales	$ 7210	$14,819	$12,819	$ 9303
Departmental Expenses				
Payroll & Related Expenses	2714	2260	1989	1806
Other	1265	1256	1037	912
Total	4263	3520	2982	2665
Departmental Income	4526	11,213	9744	6824
Food & Beverage				
Sales				
Food	4447	6198	7664	8555
Beverage	1429	2792	3618	4375
Total	5876	8981	13,396	13,396
Cost of Sales				
Food	1377	2170	2823	3041
Beverage	398	657	948	1530
Total	1842	2807	3706	4747
Gross Profit	4085	6236	7603	8781
Public Room Sales	194	193	231	176
Other Income	45	140	154	134
Gross Profit & Other Income	4285	6459	7815	8965
Departmental Expenses				
Payroll & Related Expenses	2782	3512	4056	4104
Other	583	1104	1212	1123
Total	3463	4851	5115	5252
Departmental Income	555	1823	2332	3226
Telephone Departmental Income	(20)	20	36	34
Net Income From Minor Operated Departments	32	124	176	224
Rentals & Other Income	272	508	469	380
Gross Income	12,187	13,638	13,081	11,298
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	1104	1145	1178	1188
Other	1314	1528	1562	1186
Total	2488	2679	2955	2592
Marketing	737	959	939	767
Energy Costs	771	1115	1122	1138
Property Operation & Maintenance	1362	1500	1598	1504
Total Undistributed Expenses	5681	6422	6860	6181
Income Before Fixed Charges	6286	6957	5957	4481
Property Taxes & Insurance	751	603	617	658
Income Before Interest & Depreciation	$ 4298	$ 4674	$ 4341	$ 2362

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.

Location		Market		Rating	
City	Resort	Predominantly Tourist	Other	Luxury	First Class
$12,678	$12,614	$10,705	$13,441	$14,499	$11,911
2109	2092	1375	2146	2213	2121
1114	1181	1033	1149	1425	986
3223	3176	2714	3319	3656	3060
9370	8859	7755	9924	10,907	8533
6699	7364	6945	6769	7716	6631
3041	2887	2670	3141	3645	3047
9549	10,729	9274	9916	11,430	9859
2331	2790	2476	2398	2749	2330
817	699	720	823	858	885
3180	3553	3356	3189	3746	3296
6514	6797	6127	6663	7819	6377
200	71	52	194	168	274
137	131	248	146	207	70
6744	7449	6257	6782	8317	6486
3772	3392	2572	3788	4300	3679
986	1307	1278	1111	1479	807
4871	4899	4120	4911	5477	4632
1912	2067	2058	1904	2103	2016
35	(48)	(6)	62	52	21
130	93	106	197	188	93
420	464	496	488	572	313
12,211	12,080	11,557	12,953	13,964	11,557
1149	1261	1144	1221	1511	1071
1399	1866	1277	1369	1550	1266
2735	2934	2486	2720	3271	2525
814	1093	879	896	1064	653
1013	1234	1195	1070	1241	975
1484	1645	1622	1522	2012	1411
6187	7356	6665	6299	7509	5871
6134	4421	4149	6555	6364	5827
661	540	378	661	645	750
$ 3896	$ 3289	$ 2163	$ 4331	$ 3698	$ 3787

Exhibit 46
Ratios to Total Sales*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Age of Hotel				Size of Hotel	
	Built Pre-1940	1940–1959	1960–1969	1970s	Under 150 Rooms	150–299 Rooms
Rooms						
Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Departmental Expenses						
Payroll & Related Expenses	21.2	18.0	15.7	15.5	20.2	16.9
Other	8.5	9.7	9.0	8.6	8.7	8.5
Total	30.6	28.1	25.6	24.3	29.7	26.3
Departmental Income	69.5	72.0	74.4	75.7	70.3	73.7
Ratio to Total Sales	34.6	36.1	37.8	38.9	31.7	36.8
Food & Beverage						
Sales						
Food	69.6	70.6	70.4	69.1	69.6	68.7
Beverage	30.4	29.4	29.6	31.2	30.4	31.3
Total	100.0	100.0	100.0	100.0	100.0	100.0
Cost of Sales						
Food	35.2	34.5	34.5	35.8	36.5	35.4
Beverage	38.5	24.4	23.2	25.0	39.3	26.0
Total	35.5	31.2	32.3	32.7	35.9	33.5
Gross Profit	64.5	68.8	67.7	67.3	64.1	66.5
Public Room Sales	2.3	1.4	1.9	2.1	2.2	1.9
Other Income	.8	1.0	1.2	1.6	.7	1.2
Gross Profit & Other Income	67.3	70.4	70.6	70.2	65.9	69.5
Departmental Expenses						
Payroll & Related Expenses	42.2	42.4	39.7	37.1	34.7	39.1
Other	7.7	12.3	11.7	11.4	7.1	11.2
Total	49.5	53.6	50.4	48.1	41.9	49.6
Departmental Income	16.0	17.5	20.3	22.9	21.4	17.7
Ratio to Total Sales	7.0	6.3	7.4	8.1	11.0	7.4
Telephone Departmental Profit	N	(.5)	(.2)	.2	N	.2
Net Income From Minor Operated Departments	.1	.4	.5	.8	.5	.4
Rentals & Other Income	1.1	1.8	1.5	1.3	.7	1.2
Gross Income	43.3	45.8	50.5	52.5	46.5	49.6
Undistributed Operating Expenses						
Administrative & General						
Payroll & Related Expenses	5.2	4.5	4.4	4.6	4.7	4.8
Other	6.8	6.1	5.5	6.1	4.9	5.8
Total	12.9	11.4	10.3	11.4	11.0	11.3
Marketing	2.8	3.5	3.1	3.7	2.4	3.4
Energy Costs	4.3	4.3	4.3	4.3	4.2	4.6
Property Operation & Maintenance	7.0	6.8	6.1	5.5	5.8	5.8
Total Undistributed Expenses	26.1	26.0	24.2	25.6	24.2	25.2
Income Before Fixed Charges	17.1	19.0	25.1	26.0	21.3	24.9
Property Taxes & Insurance	2.8	1.9	1.9	2.8	3.0	2.6
Income Before Interest & Depreciation	12.1%	8.4%	15.8%	17.9%	15.0%	15.2%

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N—Negligible amount.

Size of Hotel		Room Occupancy					Room Rate			
300–600 Rooms	Over 600 Rooms	Under 50%	50–59%	60–69%	70–79%	80% & Over	Under $40.00	$40.00–$54.99	$55.00–$70.00	Over $70.00
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
15.7	15.2	17.4	19.7	18.6	16.6	13.7	18.3	17.4	16.8	15.3
8.7	8.2	9.1	9.0	8.7	8.4	8.5	9.0	8.7	8.5	8.2
24.6	24.1	29.1	30.2	27.8	25.2	22.6	26.2	26.6	26.0	25.2
75.4	75.9	70.9	69.8	72.2	74.8	77.4	73.8	73.4	74.0	74.8
39.8	41.8	30.0	31.4	36.5	40.0	41.9	34.8	37.8	39.2	40.2
68.4	69.8	67.1	67.6	69.1	69.7	70.2	69.1	69.7	68.7	68.3
31.6	30.2	33.2	32.4	30.9	30.4	29.8	30.9	30.3	31.4	31.8
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
34.9	33.6	37.6	35.3	34.8	35.3	35.1	36.6	34.7	35.2	34.7
23.0	21.2	30.2	32.[illegible]	24.8	24.6	23.2	27.6	25.4	25.0	23.7
31.4	30.4	36.4	36.2	32.4	32.2	31.6	33.7	32.8	32.0	31.8
68.6	69.6	63.6	63.8	67.6	67.8	68.4	66.3	67.2	68.0	68.2
2.1	2.4	1.0	1.8	2.2	2.3	2.1	1.7	2.2	1.9	2.3
1.4	1.5	.7	.8	1.2	1.0	1.7	.9	1.1	1.3	1.3
71.7	72.3	64.2	67.0	69.8	69.6	72.0	68.8	69.4	70.4	71.3
40.9	39.9	35.0	38.1	41.2	40.3	37.1	32.9	39.6	39.9	44.5
12.1	11.8	11.5	9.2	10.3	11.0	11.6	11.7	10.3	10.4	11.2
52.8	49.7	48.0	46.6	50.6	49.9	47.9	42.6	49.6	50.3	56.2
19.6	22.3	17.1	18.3	19.6	19.4	23.3	23.6	19.5	19.9	15.9
6.8	7.7	7.9	8.1	7.6	7.9	7.8	10.3	7.9	7.6	5.8
.1	(.3)	N	(.1)	.1	.2	N	.1	(.2)	.2	.4
.7	.7	1.2	.4	.4	.5	.7	.6	.5	.6	.7
1.6	1.7	1.0	1.0	1.3	1.2	1.3	1.2	.9	1.6	1.4
50.9	52.9	41.1	43.6	47.1	51.3	54.4	51.0	49.1	50.4	51.2
4.5	3.8	7.6	5.7	4.6	4.3	3.8	4.8	4.7	4.2	4.5
6.2	5.4	7.5	4.8	5.4	5.3	6.1	5.3	6.0	5.7	6.0
11.0	9.8	15.3	11.6	10.5	10.3	10.7	10.9	11.3	10.2	11.2
3.6	3.4	4.0	3.1	3.8	3.6	2.7	3.7	3.5	3.1	3.0
4.1	3.9	5.9	5.2	4.2	4.0	3.4	5.0	4.5	3.8	3.4
5.9	5.4	8.3	6.1	5.5	5.5	5.6	5.7	5.8	5.9	5.7
24.9	22.7	34.1	26.9	24.4	24.1	22.9	25.7	26.0	23.4	23.5
25.3	28.0	4.9	16.2	22.7	26.0	31.9	24.7	22.8	26.8	26.3
2.5	2.7	3.1	3.2	2.8	2.7	2.1	2.6	2.9	2.4	2.8
17.3%	21.2%	.9%	8.3%	14.3%	17.3%	21.0%	15.2%	15.8%	18.5%	16.1%

(Continued on next page)

Exhibit 46 (continued)*

All ratios are based on total sales except those of the rooms, and food and beverage departments. Cost of sales is shown as a percentage of the corresponding sales. Food and beverage departmental expense ratios are based on the combined food and beverage sales.

	Restaurant Operated Total Food & Beverage Sales			
	Under 50% Room Sales	50–74% Room Sales	75–99% Room Sales	100% & Over Room Sales
Rooms				
Sales	100.0%	100.0%	100.0%	100.0%
Departmental Expenses				
Payroll & Related Expenses	18.0	15.3	16.2	19.6
Other	7.9	9.0	8.5	8.9
Total	26.6	23.9	25.2	29.7
Departmental Income	73.4	76.1	74.8	70.3
Ratio to Total Sales	48.5	42.3	36.5	26.9
Food & Beverage				
Sales				
Food	72.1	69.5	69.2	67.6
Beverage	28.1	30.5	30.8	32.4
Total	100.0	100.0	100.0	100.0
Cost of Sales				
Food	33.7	34.9	34.9	36.4
Beverage	24.0	23.2	24.4	31.0
Total	32.0	31.7	32.1	35.2
Gross Profit	68.0	68.3	68.0	64.8
Public Room Sales	2.7	2.0	2.0	1.4
Other Income	.9	1.3	1.6	.8
Gross Profit & Other Income	71.7	71.0	70.6	66.7
Departmental Expenses				
Payroll & Related Expenses	49.1	40.3	37.0	32.2
Other	11.1	11.9	11.4	9.0
Total	61.9	51.1	48.1	40.5
Departmental Income	10.8	19.8	21.3	24.4
Ratio to Total Sales	2.7	6.8	8.5	13.6
Telephone Departmental Profit	(.1)	.1	.2	.1
Net Income From Minor Operated Departments	.1	.5	.7	.9
Rentals & Other Income	1.1	1.5	1.3	1.0
Gross Income	53.8	51.8	48.8	42.7
Undistributed Operating Expenses				
Administrative & General				
Payroll & Related Expenses	4.5	4.1	4.6	5.0
Other	6.3	5.7	6.3	4.2
Total	11.2	10.4	11.3	10.8
Marketing	3.0	3.5	3.5	3.1
Energy Costs	3.6	4.3	4.1	4.7
Property Operation & Maintenance	5.6	5.6	6.1	5.8
Total Undistributed Expenses	24.1	24.8	25.2	23.7
Income Before Fixed Charges	28.5	27.3	23.1	18.6
Property Taxes & Insurance	3.0	2.1	2.7	2.6
Income Before Interest & Depreciation	18.5%	17.7%	15.9%	11.2%

*All amounts are medians and do not necessarily add to the totals shown; all amounts in $U.S.
N—Negligible amount.

Location		Market		Rating	
City	Resort	Predominantly Tourist	Other	Luxury	First Class
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
17.4	15.1	13.7	16.7	15.3	18.1
8.6	10.8	10.6	8.4	9.1	8.3
26.6	25.8	25.8	25.5	25.7	27.3
73.4	74.2	74.2	74.5	74.3	72.7
38.0	36.2	34.6	38.2	36.3	37.7
69.2	72.8	72.3	67.7	68.3	69.4
30.8	27.2	27.7	32.3	31.8	30.7
100.0	100.0	100.0	100.0	100.0	100.0
35.0	35.6	36.0	35.7	34.9	35.2
25.6	23.2	25.4	25.2	23.7	30.8
32.4	33.3	33.3	32.3	31.6	34.2
67.6	66.7	66.7	67.7	68.4	65.8
2.2	1.1	.8	2.0	1.4	2.7
1.1	2.1	2.6	1.4	2.1	.8
70.4	69.1	69.1	70.3	71.0	68.6
40.4	33.9	30.1	40.5	39.9	39.0
7.3	12.3	13.1	11.6	12.3	8.1
41.5	45.5	43.8	51.4	51.7	47.8
11.2	21.6	21.6	19.6	19.0	19.7
7.4	8.4	8.2	7.2	7.1	8.0
.1	(.3)	(.2)	.3	.2	.1
.5	.4	.6	.8	.8	.4
1.2	1.9	2.2	1.4	1.9	.9
49.9	49.7	49.7	50.8	49.2	49.2
4.5	5.5	5.4	4.3	4.9	4.4
5.7	7.7	6.3	5.4	5.7	5.5
10.7	12.6	12.1	10.2	10.7	10.9
3.2	3.9	3.6	3.5	3.3	2.8
4.1	5.1	5.1	4.0	4.2	4.1
5.6	7.5	7.4	5.6	6.2	5.5
24.2	29.2	28.9	23.3	25.3	23.6
25.0	17.1	16.8	25.6	22.8	25.2
2.8	1.8	1.6	2.8	2.3	3.0
15.8%	14.2%	9.1%	17.3%	10.6%	17.4%

Exhibit 47
Medians, Lower & Upper Quartiles
For Revenue, Expenses and Balance Sheet Items

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
General Statistics									
Percentage of Occupancy	62.1%	70.9%	79.9%	57.7%	71.2%	83.6%	66.9%	78.7%	85.0%
Percentage of Double Occupancy	24.0	38.5	57.5	22.4	38.8	70.2	19.8	29.7	59.9
Average Room Rate	$39.49	$49.20	$65.63	$36.68	$44.64	$50.86	$31.70	$35.59	$48.64
Income Before Fixed Charges									
Ratio to Room Sales	31.4%	47.0%	63.1%	16.8%	49.6%	88.5%	45.1%	75.3%	79.8%
Ratio to Total Sales	16.1%	25.0%	32.7%	7.6%	22.5%	34.5%	22.1%	34.3%	40.1%
Number of Times Average Rate Earned	70	121	172	37	137	244	118	209	238
Sales & Payroll									
Food Sales									
Ratio to Room Sales	38.5%	53.2%	72.1%	50.6%	69.5%	83.1%	44.5%	59.7%	77.8%
Beverage Sales									
Ratio to Food Sales	35.8	44.5	55.9	35.2	44.3	60.5	27.7	38.4	54.9
Telephone Sales									
Ratio to Room Sales	4.0	5.8	9.2	6.9	11.2	13.4	6.2	8.5	13.9
Ratio to Total Sales	2.0	3.1	4.8	2.6	4.7	6.2	3.2	3.9	5.2
Telephone Departmental Profit									
Ratio to Room Sales	(1.0)	.2	1.2	(.3)	.8	2.2	(.2)	.5	1.3
Ratio to Total Sales	(.6)	.1	.6	(.1)	.5	1.0	(.1)	.3	.6
Rentals & Other Income									
Ratio to Room Sales	.9	2.5	4.7	2.1	3.9	8.0	3.9	6.0	7.7
Ratio to Total Sales	.5	1.3	2.4	.8	2.0	3.5	1.9	2.7	3.3
Ratio to Total Sales									
Cash Payroll	19.0	24.4	29.5	19.0	24.4	29.5	10.2	14.0	17.9
Employee Benefits	6.5	9.0	13.4	6.5	9.0	13.4	3.9	5.7	9.0
Net Payroll & Related Expenses	28.3	33.8	39.6	28.3	33.8	39.6	14.1	17.7	23.3
Rooms Department									
Ratios to Room Sales									
Payroll & Related Expenses	12.9	16.9	21.2	7.3	11.7	14.5	5.9	8.1	9.6
Commissions (Including Travel Agents')	.6	1.0	2.0	.2	.4	2.1	.5	.8	1.2
Contract Cleaning	.1	.3	.7	.1	.2	.2	.1	.1	.1
Linen	.5	.9	1.4	.4	1.0	1.6	.7	1.0	1.4
Laundry & Dry Cleaning	1.2	2.0	3.3	.7	1.4	2.4	.6	.8	1.3
Operating Supplies	1.3	1.7	2.4	1.8	2.4	3.1	2.3	3.3	4.1
Other Operating Expenses	.6	1.2	1.9	.6	1.0	2.1	.8	1.6	2.8
Reservation Expense	.1	.4	.7	.1	.1	.4	N	.1	.5
Uniforms	.1	.2	.3	.1	.2	.4	.1	.2	.3
Total Expenses	21.1	26.1	31.3	15.8	20.1	23.7	13.7	16.1	19.4
Departmental Income	68.7	74.0	78.8	74.1	79.9	83.7	79.8	83.9	86.1
Ratio of Departmental Income to Total Sales	31.5	37.7	43.4	26.4	35.1	41.7	33.8	38.6	43.9

N—Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
68.5%	79.1%	81.2%	59.5%	73.6%	78.7%	35.2%	63.4%	71.5%	59.2%	68.5%	75.2%
26.7	28.0	29.4	58.2	75.4	95.2	24.5	35.0	35.0	23.8	37.3	53.4
$43.33	$53.68	$56.71	$49.98	$60.45	$78.86	$21.21	$32.35	$33.68	$41.07	$51.11	$66.94
34.0%	46.0%	53.9%	(18.8)%	14.6%	37.2%	11.2%	46.6%	54.1%	29.6%	45.6%	60.2%
13.6%	22.7%	22.9%	(9.0)%	7.5%	17.2%	5.5%	22.7%	24.1%	14.0%	23.5%	32.0%
85	134	160	(36)	37	108	14	128	148	68	113	154
31.0%	67.5%	68.3%	43.2%	54.0%	58.6%	47.0%	62.9%	63.4%	38.3%	57.7%	82.0%
51.6	62.0	67.8	32.3	40.1	49.1	29.0	37.5	38.3	37.2	45.6	55.8
5.5	10.2	11.1	3.0	3.6	6.0	7.3	10.1	11.4	4.1	6.2	8.9
3.2	4.2	4.5	1.3	2.0	2.9	3.6	5.0	5.1	2.0	3.2	4.8
(.3)	.8	1.3	(3.4)	(1.7)	(.9)	(2.5)	(.8)	(.4)	(.6)	.5	1.8
(.2)	.3	.6	(1.7)	(.7)	(.5)	(1.2)	(.4)	(.2)	(.3)	.3	.9
.8	2.4	3.0	2.4	4.3	6.6	1.8	4.1	4.4	N	1.6	3.3
.3	1.0	1.3	1.0	2.3	3.2	1.0	2.0	2.1	N	.9	1.8
26.5	33.6	34.4	19.8	24.6	28.1	12.2	21.1	23.5	24.1	27.8	32.1
.9	6.3	6.5	6.7	12.7	15.9	2.0	10.7	10.9	6.5	8.5	13.5
32.5	37.3	39.3	28.5	33.6	40.3	24.7	25.5	29.5	31.9	37.2	41.9
19.3	20.6	21.0	9.2	12.4	16.7	9.0	11.4	12.3	16.7	20.2	24.5
1.1	1.6	1.7	3.4	6.5	8.2	.2	1.2	2.1	.7	1.3	2.0
.2	.3	.4	N	.1	.3	.1	.4	.8	.2	.4	.9
.6	.9	1.2	.9	1.4	1.8	(2.5)	.3	.4	1.3	.7	1.3
1.1	2.3	2.7	1.3	1.8	2.1	.7	1.5	2.1	1.9	3.1	4.2
1.3	1.8	2.1	1.4	2.5	3.0	.7	2.4	3.4	1.0	1.4	1.8
.7	1.4	1.5	.8	1.3	1.7	.4	3.6	4.1	.6	1.2	2.0
N	.3	.4	.5	.9	1.4	(.4)	.4	.4	.1	.2	.5
.1	.2	.3	.1	.1	.4	.1	.3	.3	.1	.2	.3
26.6	30.1	30.5	24.2	28.3	34.4	12.4	21.0	23.6	24.4	29.7	33.8
67.0	69.9	70.3	62.8	71.8	74.2	70.2	79.0	81.6	66.0	70.3	75.5
26.8	29.6	29.9	27.3	35.8	41.5	34.6	38.2	41.8	28.1	35.9	42.0

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Exhibit 47 (continued)

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Restaurant Department									
Food Cost Per Dollar Sale*	32.5¢	35.2¢	38.1¢	34.1¢	37.8¢	41.7¢	34.4¢	35.9¢	39.6¢
Beverage Cost Per Dollar Sales	21.3¢	25.3¢	35.9¢	28.4¢	34.9¢	43.3¢	23.2¢	29.5¢	35.9¢
Ratios to Food & Beverage Sales									
Payroll & Related Expenses	30.1%	33.9%	47.4%	15.0%	23.0%	35.1%	15.2%	18.6%	26.0%
China, Glass, Silver & Linen	1.0	1.7	2.4	.9	2.2	2.7	1.5	2.2	2.9
Contract Cleaning	.1	.3	1.1	N	.1	.3	.1	.1	.1
Kitchen Fuel	.4	.7	1.5	.8	1.3	2.0	1.0	1.3	1.9
Laundry & Dry Cleaning	.6	1.0	1.6	.4	.8	1.5	.4	.6	.8
Licenses	N	.1	.2	N	.1	.3	N	.2	.3
Music & Entertainment	.7	[illegible]	3.6	1.4	2.6	3.4	1.7	2.7	4.6
Operating Supplies	1.3	2.0	2.7	1.4	2.4	2.8	1.7	2.6	2.8
Other Operating Expenses	.6	1.1	2.0	.6	.9	1.8	1.3	1.8	2.6
Uniforms	.2	.4	.6	.3	.6	.8	.5	.6	.7
All Other Expenses	.6	1.3	2.6	.8	1.7	3.5	1.1	1.8	4.4
Total Expenses	40.2	48.8	58.3	27.7	36.1	46.8	31.2	34.5	40.0
Departmental Income	12.0	19.7	28.4	15.8	24.8	36.8	21.7	32.9	38.4
Ratio of Departmental Income to Room Sales	6.6	15.0	27.7	15.5	26.6	43.4	17.6	27.0	34.2
Ratio of Departmental Income to Total Sales	3.8	18.9	22.7	6.8	10.0	14.6	8.1	13.6	14.8
Administrative & General Expenses									
Ratios to Room Sales									
Payroll & Related Expenses	6.5	9.2	12.6	8.6	13.5	19.2	5.1	6.4	9.8
Bad Debts	.2	.4	.7	.5	1.3	2.2	.4	.6	.8
Credit Card Commissions	1.2	1.7	2.2	.4	.8	1.4	.9	1.3	2.2
Data Processing Service	.2	.4	.6	.4	.7	.9	N	.2	.2
Insurance—General	.4	.7	1.0	.6	1.0	1.6	.1	.5	.7
Licenses & Dues	N	.1	.3	N	N	.2	N	N	.2
Management Fees	4.2	6.3	10.6	2.4	7.0	12.0	3.8	6.3	11.9
Operating Supplies	.5	.7	1.2	.9	1.2	1.9	.6	.8	.9
Professional Fees	.2	.4	1.0	.4	1.0	1.4	.2	.4	.7
Security	.1	.3	1.0	.3	1.1	1.2	.1	.3	.5
Travel & Entertainment	.2	.5	1.0	.7	.9	1.4	.3	.5	1.1
All Other Expenses	1.1	2.0	3.8	1.4	2.9	5.6	.9	2.3	3.5
Total Expenses	15.9	21.1	27.8	21.7	29.1	40.6	12.1	21.8	28.4
Ratios to Total Sales									
Payroll & Related Expenses	3.5	4.5	6.1	4.0	6.5	8.5	2.5	3.1	4.3
Other Expenses	3.7	5.7	8.3	4.0	6.4	8.9	2.9	5.6	8.5
Total Expenses	8.0	10.9	13.9	8.3	13.4	17.2	5.9	8.2	13.1
Cost Per Available Room	$1925	$2720	$3887	$2279	$2996	$4273	$1363	$2062	$2506

*After credit for employees' meals.

N—Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
27.1¢	29.2¢	29.8¢	37.4¢	40.6¢	47.6¢	32.1¢	37.2¢	37.6¢	32.6¢	35.1¢	37.7¢
26.4¢	28.4¢	28.8¢	22.7¢	25.5¢	27.5¢	21.3¢	23.6¢	25.6¢	22.0¢	28.8¢	42.4¢
37.8%	52.2%	53.2%	30.1%	39.3%	49.6%	24.5%	26.7%	28.9%	33.9%	42.0%	49.9%
.8	1.4	1.9	1.4	2.8	3.7	(4.7)	1.1	1.2	.9	1.4	2.1
N	.5	.7	.1	.1	1.0	N	.5	.7	.2	.4	1.3
N	.3	.4	1.3	1.6	1.9	1.5	2.3	2.3	.2	.6	.9
.6	1.2	1.2	.7	1.0	1.5	.4	.4	.4	.8	1.3	2.4
.6	.7	.7	N	N	N	.2	1.0	1.0	N	.1	.2
.9	2.1	2.4	3.9	6.0	7.1	N	1.6	2.3	.3	.9	1.9
1.4	1.9	2.5	2.1	3.2	4.0	2.0	2.6	2.6	1.0	1.4	2.1
.3	.6	.7	1.1	2.6	4.1	.9	1.8	2.0	.4	.8	1.4
.2	.3	.3	.3	.6	.8	.3	.5	.5	.2	.3	.4
.5	3.0	4.3	1.0	1.8	3.1	(1.8)	2.8	2.8	.4	.9	1.8
47.6	65.1	67.7	50.5	59.1	66.6	31.5	38.5	42.5	41.0	49.7	58.6
(3.0)	13.7	14.5	1.5	9.5	11.9	17.0	27.6	28.8	10.6	18.6	25.9
(1.4)	15.2	15.7	1.2	5.7	7.9	14.9	22.0	26.5	5.8	14.3	29.3
(.8)	6.3	6.7	.6	2.7	4.2	7.4	10.4	11.2	3.5	7.5	12.2
7.7	9.0	9.6	7.8	10.8	12.6	10.8	15.1	15.9	6.6	9.4	13.3
.3	.4	.5	.5	1.8	2.9	.2	1.0	1.4	.1	.3	.5
1.3	2.1	2.2	1.0	1.4	1.8	.7	1.0	1.1	1.2	1.7	2.1
.1	.5	.5	.2	.4	.8	1.0	1.0	1.0	.1	.4	.7
.2	.6	.6	.5	.8	1.1	.1	.7	1.0	.4	.6	.9
N	N	N	N	.1	.2	.1	.1	.1	N	.1	.5
5.9	6.3	6.3	1.8	6.2	7.6	(.2)	2.7	2.7	2.7	7.0	11.9
.5	.7	.8	.7	.9	1.1	1.2	1.5	1.8	.6	.8	1.3
N	.3	.5	.2	.5	.9	.6	.9	.9	.2	.4	.9
(1.0)	1.0	1.0	.1	1.1	3.4	.6	.8	.8	.1	.2	.3
.3	.8	1.1	.4	.8	1.1	.6	1.3	1.6	.2	.4	.9
1.1	1.6	1.9	1.9	4.1	4.6	1.4	3.0	3.9	1.2	2.2	4.1
16.7	20.6	20.8	17.1	25.5	32.8	23.7	25.7	27.6	15.3	19.9	26.9
3.5	4.3	4.6	4.1	5.3	5.9	5.2	7.3	7.9	3.6	4.5	6.5
3.0	4.5	5.6	5.0	8.0	9.9	5.0	5.7	6.3	3.1	4.8	7.6
7.1	8.7	9.1	10.1	12.9	14.3	11.5	12.4	13.0	7.8	10.3	13.9
$2638	$3010	$3111	$2496	$3254	$4029	$1049	$2224	$2425	$1947	$2753	$3887

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Exhibit 47 (continued)

	All Hotels			Africa			Asia		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Marketing									
Ratio to Room Sales	4.1%	6.4%	9.2%	3.9%	5.6%	8.9%	3.7%	7.5%	9.0%
Ratio to Total Sales	2.1	3.4	4.6	1.6	2.5	3.9	2.1	2.7	3.8
Cost Per Available Room	$ 478	$ 867	$1291	$ 461	$ 756	$1090	$ 456	$ 740	$ 894
Energy Costs									
Ratio to Room Sales	5.8%	8.0%	11.8%	6.1%	12.3%	20.9%	11.1%	14.9%	17.4%
Ratio to Total Sales	3.2	4.2	5.5	2.1	5.0	9.3	4.9	6.3	8.0
Cost Per Available Room	$ 762	$1048	$1428	$ 637	$1422	$2028	$ 869	$1295	$2035
Property Operation & Maintenance									
Ratio to Room Sales	8.3%	11.5%	16.8%	11.3%	14.2%	22.6%	9.4%	13.2%	21.0%
Ratio to Total Sales	4.4	5.8	7.7	4.7	6.4	9.8	4.5	6.5	9.1
Cost Per Available Room	$1010	$1504	$2160	$1447	$1831	$2061	$ 952	$1404	$1861
Current Assets									
Accounts Receivable (Net)									
Amount Per Room	$1100	$1882	$3325	$2232	$3181	$4092	$1477	$2046	$3103
Ratio to Total Sales	4.6%	6.9%	11.2%	8.4%	11.5%	16.1%	6.6%	9.4%	12.8
Annual Turnover	9	14	21	6	8	13	7	11	16
Food Inventory									
Amount Per Room	$ 81	$ 137	$ 258	$ 175	$ 280	$ 362	$ 107	$ 154	$ 264
Annual Turnover	13	21	29	7	11	14	10	17	23
Beverage Inventory									
Amount Per Room	$ 94	$ 195	$ 364	$ 242	$ 331	$ 420	$ 136	$ 205	$ 303
Annual Turnover	3	4	7	2	3	4	1	4	5
Current Position									
Current Assets for Each Dollar of Current Liabilities	$0.86	$ 1.22	$ 1.73	$ 1.00	$ 1.27	$ 1.84	$ 1.08	$ 1.77	$ 2.98

N—Negligible amount.

Australasia			Caribbean			Central America			Europe		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
6.1%	9.6%	10.3%	7.0%	9.6%	16.2%	2.9%	5.7%	7.4%	2.6%	5.5%	8.6%
2.6	4.6	4.8	3.8	4.9	8.6	1.6	2.7	3.7	1.1	2.8	4.1
$1131	$1412	$1434	$1233	$2120	$2280	$ 203	$ 292	$ 340	$ 302	$ 755	$1283
3.6%	5.5%	6.7%	9.3%	15.2%	22.1%	15.8%	16.8%	17.4%	5.9%	8.0%	11.0%
1.9	2.5	2.8	5.1	7.8	10.2	7.7	8.8	9.5	3.2	4.1	5.1
$ 567	$ 861	$ 902	$1540	$2378	$2840	$ 444	$1728	$1977	$ 817	$1095	$1370
8.6%	9.8%	10.8%	12.5%	18.7%	20.2%	14.9%	15.3%	15.5%	7.9%	10.6%	16.4%
3.7	4.8	5.1	7.0	8.6	9.9	7.2	7.8	7.9	4.1	5.5	7.4
$1198	$1543	$1704	$1676	$2541	$3125	$ 422	$1466	$1642	$ 998	$1513	$2169
$ 253	$1836	$2108	$1523	$2441	$3017	$ 461	$2446	$3941	$1087	$1708	$2924
.9%	5.1%	5.4%	6.1%	8.7%	11.9%	4.6%	10.0%	11.7%	4.3%	6.5%	8.1%
16	18	21	5	11	13	8	10	10	10	15	19
$ 65	$ 102	$ 122	$ 182	$ 314	$ 499	$ 26	$ 103	$ 177	$ 72	$ 114	$ 189
19	24	25	10	14	17	19	19	19	18	28	37
$ 165	$ 221	$ 276	$ 151	$ 279	$ 429	$ 31	$ 80	$ 120	$ 127	$ 215	$ 463
4	5	5	1	4	4	2	3	3	2	4	6
$1.43	$1.64	$1.82	$0.79	$1.04	$1.52	$1.77	$2.44	$2.54	$0.71	$1.06	$1.41

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Exhibit 47 (continued)

Medians, Lower & Upper Quartiles For Revenues, Expenses and Balance Sheet Items

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
General Statistics									
Percentage of Occupancy	70.5%	85.2%	86.2%	62.8%	87.2%	91.4%	42.1%	67.2%	73.4%
Percentage of Double Occupancy	34.0%	44.5%	52.0%	65.0%	81.2%	86.2%	6.9%	15.4%	38.6%
Average Room Rate	$32.41	$46.00	$58.58	$39.97	$56.65	$61.62	$51.23	$69.69	$88.10
Income Before Fixed Charges									
Ratio to Room Sales	57.3%	73.1%	80.0%	32.4%	46.2%	57.2%	28.7%	52.0%	70.8%
Ratio to Total Sales	22.3%	37.4%	42.4%	17.0%	25.1%	27.2%	13.7%	26.7%	34.1%
Number of Times Average Rate Earned	148	231	255	110	140	159	52	124	185
Sales & Payroll									
Food Sales									
Ratio to Room Sales	41.1%	61.4%	78.7%	40.5%	58.4%	69.6%	44.2%	58.8%	67.2%
Beverage Sales									
Ratio to Food Sales	31.9	38.4	48.4	19.4	34.9	37.3	13.4	48.7	55.7
Telephone Sales									
Ratio to Room Sales	6.4	7.7	9.0	1.6	2.3	2.6	7.3	12.5	15.9
Ratio to Total Sales	2.8	3.2	4.2	.9	1.2	1.5	3.9	6.3	7.7
Telephone Departmental Profit									
Ratio to Room Sales	(.3)	.2	.6	(1.7)	(1.0)	(.6)	.2	1.2	3.0
Ratio to Total Sales	(.2)	.1	.3	(.9)	(.6)	(.4)	.1	.6	1.4
Rentals & Other Income									
Ratio to Room Sales	2.5	4.4	7.2	3.7	5.6	8.7	1.6	3.2	5.0
Ratio to Total Sales	1.1	2.3	3.4	2.3	2.7	3.4	.7	1.4	2.4
Ratio to Total Sales									
Cash Payroll	12.0	16.3	20.0	21.0	22.6	23.8	14.5	17.3	21.2
Employee Benefits	4.5	7.7	9.9	8.4	10.0	10.8	12.5	15.3	18.2
Net Payroll & Related Expenses	15.6	19.2	27.2	30.2	32.6	33.8	26.0	32.0	35.4
Rooms Department									
Ratios to Room Sales									
Payroll & Related Expenses	5.9	8.7	10.9	13.7	16.6	18.5	9.2	11.1	15.4
Commissions (Including Travel Agents')	.5	1.5	2.1	2.0	8.1	9.4	.2	.8	1.9
Contract Cleaning	.1	.3	.5	.1	.1	.1	.1	.3	.7
Linen	.5	1.1	1.2	.7	.9	1.3	.4	.8	1.0
Laundry & Dry Cleaning	.9	1.6	1.9	1.5	2.4	2.6	1.1	1.5	1.8
Operating Supplies	1.9	2.8	3.7	1.3	1.6	2.1	1.6	2.0	2.7
Other Operating Expenses	.7	1.9	2.5	.2	.4	.5	.7	1.2	1.8
Reservation Expense	.1	.3	.3	.5	.5	.6	.1	.4	.5
Uniforms	.2	.2	.2	.1	.1	.2	.1	.2	.2
Total Expenses	15.7	18.3	21.2	25.3	30.1	33.4	15.1	18.0	25.3
Departmental Income	77.9	81.7	84.2	65.3	69.9	74.3	73.9	77.9	91.0
Ratio of Departmental Income to Total Sales	31.1	38.8	44.3	31.5	36.8	40.2	33.8	40.2	44.0

N—Negligible amount.

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
64.8%	74.6%	80.2%	71.8%	80.0%	87.9%	66.4%	72.6%	80.9%	69.6%	77.1%	83.1%
19.9%	42.6%	52.7%	52.1%	90.0%	102.1%	25.9%	37.4%	45.1%	26.7%	32.7%	48.5%
$30.88	$36.28	$41.69	$25.65	$33.77	$51.10	$41.49	$47.81	$65.43	$46.34	$52.85	$54.74
34.0%	48.9%	57.5%	35.5%	52.8%	69.3%	34.1%	44.7%	54.1%	42.9%	54.6%	65.4%
17.1%	25.7%	29.9%	16.5%	27.5%	33.6%	18.6%	26.4%	32.6%	21.3%	30.2%	32.5%
81	124	156	93	170	244	81	119	149	118	157	189
29.6%	51.6%	66.0%	33.9%	49.3%	55.9%	30.4%	38.3%	50.2%	38.1%	45.3%	48.0%
50.0	59.1	76.6	30.4	43.0	61.3	33.7	39.4	45.2	48.6	56.0	61.7
3.2	4.6	4.8	1.7	2.3	4.4	3.9	4.6	5.2	6.7	8.5	10.4
1.6	2.2	2.6	.9	1.3	2.4	2.4	2.6	3.2	3.3	4.3	5.8
(2.2)	(1.5)	(1.0)	N	.4	.9	(1.8)	(1.3)	(.8)	(.9)	N	1.0
(1.1)	(.8)	(.5)	N	.2	.4	(1.1)	(.7)	(.5)	(.5)	N	.5
1.2	2.1	6.9	N	5.8	6.8	1.1	1.9	2.9	3.1	3.8	4.3
.7	1.2	2.7	N	2.8	4.1	.7	1.2	1.7	1.7	2.9	2.3
27.5	29.9	34.9	15.5	19.9	22.5	23.0	25.3	28.7	13.9	17.6	21.0
4.6	6.5	6.8	5.7	7.0	9.8	7.5	9.0	10.1	13.7	16.0	17.3
32.9	36.0	39.2	20.3	26.1	30.0	30.3	33.7	38.1	29.4	32.4	34.8
17.5	19.2	22.5	10.7	13.6	15.4	14.6	16.1	18.7	10.9	12.9	15.9
.4	1.0	1.3	1.0	2.7	6.0	.5	.7	1.3	.3	.7	1.4
.3	.6	1.0	.1	.2	.3	.1	.2	.5	1	.3	.8
.7	.9	1.3	.8	1.3	2.2	.8	.9	1.3	1.2	1.6	2.0
1.1	1.9	2.5	1.4	2.4	3.2	1.3	1.6	2.0	.9	1.2	1.4
1.7	2.0	2.6	1.4	1.9	2.2	1.7	2.0	2.3	1.6	2.0	2.3
.6	1.0	1.7	.6	1.4	3.1	.5	.8	1.2	.5	.9	1.4
.3	.8	1.2	.5	1.2	2.0	.2	.6	.9	N	.6	.7
.1	.2	.3	.1	.3	.6	.1	.2	.3	.2	.2	.2
25.3	28.2	31.2	21.3	26.0	29.6	21.9	24.2	26.3	16.9	22.0	23.6
65.6	71.8	74.5	69.6	74.0	78.1	73.5	75.8	78.0	74.8	78.0	81.8
32.6	37.3	41.6	34.9	38.2	41.6	40.1	45.2	49.9	37.9	40.3	44.6

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Exhibit 47 (continued)

	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Restaurant Department									
Food Cost Per Dollar Sale*	34.8¢	36.4¢	38.1¢	30.7¢	32.3¢	35.3¢	32.5¢	35.9¢	38.4¢
Beverage Cost Per Dollar Sales	22.0¢	28.8¢	42.4¢	19.8¢	21.9¢	22.6¢	19.2¢	20.9¢	25.5¢
Ratios to Food & Beverage Sales									
Payroll & Related Expenses	16.7%	19.3%	23.5%	31.5%	36.5%	38.3%	28.4%	35.3%	42.8%
China, Glass, Silver & Linen	1.3	1.9	2.2	1.0	1.6	1.7	1.0	2.0	2.5
Contract Cleaning	N	.1	.4	N	.1	.1	N	.1	.3
Kitchen Fuel	.9	1.5	2.4	.5	1.7	2.1	.4	.6	1.2
Laundry & Dry Cleaning	.3	.7	.9	.7	.9	1.3	.6	.8	1.2
Licenses	.1	.1	.6	N	.1	.2	N	N	N
Music & Entertainment	1.8	3.8	4.1	.9	2.6	5.7	.6	3.3	6.9
Operating Supplies	1.5	2.2	2.8	1.4	2.0	2.1	2.2	3.0	3.8
Other Operating Expenses	1.0	1.3	1.4	.3	.4	.8	.7	1.2	2.2
Uniforms	.3	.4	.6	.2	.3	.4	.3	.4	.6
All Other Expenses	.3	1.2	1.3	.8	1.5	1.7	.8	1.6	2.9
Total Expenses	29.7	34.1	37.7	41.7	47.6	48.8	41.2	48.7	58.4
Departmental Income	32.5	36.1	42.6	18.8	23.0	27.1	12.8	20.2	32.7
Ratio of Departmental Income to Room Sales	24.2	28.6	37.7	11.6	17.7	21.4	6.7	16.4	25.5
Ratio of Departmental Income to Total Sales	11.1	15.1	16.9	6.6	9.1	11.5	3.6	7.9	12.4
Administrative & General Expenses									
Ratios to Room Sales									
Payroll & Related Expenses	3.7	6.5	10.0	4.8	7.2	12.5	9.0	10.7	13.1
Bad Debts	.2	.3	.4	.4	.7	.9	.5	.7	1.0
Credit Card Commissions	1.7	2.2	2.5	.6	1.0	1.2	.6	1.2	1.6
Data Processing Service	N	.1	.1	.1	.3	.4	.1	.2	.4
Insurance—General	.2	.3	.7	.8	1.0	1.0	.4	.6	.8
Licenses & Dues	N	.1	.2	N	.1	.1	N	.1	.1
Management Fees	1.9	8.8	16.1	7.9	11.5	12.6	6.9	10.1	12.4
Operating Supplies	.3	.5	.8	.1	.3	1.0	.5	.7	1.1
Professional Fees	.1	.2	.2	N	.2	.5	.3	.5	1.2
Security	.3	1.5	1.8	.4	1.2	1.3	N	N	N
Travel & Entertainment	.2	.5	.9	.1	.3	.3	.4	.7	1.0
All Other Expenses	.4	1.1	2.2	.5	1.0	1.1	1.3	1.7	3.4
Total Expenses	10.6	19.3	28.2	11.9	15.2	16.3	7.9	15.4	19.4
Ratios to Total Sales									
Payroll & Related Expenses	2.0	2.8	3.8	2.8	4.2	5.4	4.1	5.6	6.5
Other Expenses	3.0	4.2	9.7	5.1	8.5	9.3	4.1	7.2	9.5
Total Expenses	6.8	7.6	13.3	11.1	12.5	12.7	9.5	12.5	15.7
Cost Per Available Room	$1503	$2527	$3810	$2722	$3947	$4304	$2067	$3663	$4181

*After credit for employees' meals.
N—Negligible amount.

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
34.9¢	37.8¢	40.5¢	28.3¢	31.1¢	32.9¢	31.8¢	33.6¢	36.4¢	30.0¢	33.3¢	35.2¢
27.5¢	29.6¢	30.8¢	17.6¢	19.7¢	22.6¢	19.5¢	21.8¢	23.2¢	17.7¢	21.0¢	22.3¢
36.8%	40.3%	42.7%	21.1%	25.7%	29.6%	38.6%	45.2%	51.8%	34.1%	36.5%	41.7%
1.2	2.0	2.5	.9	1.6	2.2	1.3	2.0	2.7	1.8	2.7	3.1
.5	.9	1.4	.2	.5	.8	.1	.2	.4	.1	.2	.4
.1	.4	.7	.3	.4	.7	.2	.6	.7	.2	.4	.6
.4	1.0	1.3	.3	.6	1.0	.6	1.1	1.4	.4	.7	.9
N	.1	.2	.2	.3	.4	.1	.1	.3	N	N	.3
2.0	2.4	3.4	2.5	3.4	6.2	1.4	2.1	3.6	2.2	2.6	3.9
1.7	2.1	2.4	.7	1.6	2.0	1.9	2.4	2.8	2.1	2.4	3.3
.9	1.6	1.9	1.0	1.9	2.5	.6	1.2	2.2	.5	1.4	2.2
.2	.3	.5	.3	.5	.5	.3	.5	.7	.4	.7	.7
.5	1.5	3.7	1.4	2.9	3.4	.8	1.6	2.5	1.2	2.6	3.5
48.2	52.8	55.5	35.1	38.8	45.6	49.8	57.5	65.0	47.0	49.4	56.6
8.0	16.7	22.4	27.5	37.1	39.8	10.7	16.3	22.3	18.2	24.1	29.6
5.6	12.5	20.4	20.8	27.7	34.5	3.9	8.2	13.8	12.7	16.1	18.6
3.4	6.3	9.9	10.9	14.6	17.6	2.4	5.0	7.9	6.6	9.1	10.3
5.8	8.2	9.3	6.6	8.7	10.5	5.7	7.7	9.1	8.8	10.3	11.6
.2	.2	.4	.1	.3	.4	.2	.4	.5	.5	.8	1.1
1.5	1.9	2.6	1.8	2.4	3.0	1.8	2.1	2.7	1.6	2.3	2.8
.2	.3	.4	.3	.7	.8	.1	.3	.5	(.1)	.2	.2
.3	.4	.5	.1	.2	.3	.5	.9	1.3	.2	.4	.8
N	.1	.2	N	.1	.3	.1	.1	.2	.1	.2	.2
3.1	5.9	6.0	1.0	2.9	5.3	4.8	5.8	6.8	.8	4.0	5.1
.4	.7	.7	.6	.8	1.1	.4	.5	.6	.5	.7	1.0
.3	.4	.9	.6	1.7	2.1	.1	.2	.6	.4	.8	1.0
N	.1	.3	.2	.4	1.4	.3	.9	1.1	.2	1.3	2.2
.2	.5	.7	.2	.4	1.2	.2	.3	.8	.2	.7	.9
.8	1.5	2.7	1.2	3.4	6.2	.9	1.2	1.8	1.6	2.2	2.6
5.6	8.9	12.7	17.1	23.6	26.1	16.1	19.0	22.7	16.9	21.6	25.3
3.0	4.0	4.5	3.8	4.4	5.2	3.5	4.4	5.0	4.9	5.5	5.8
3.1	3.6	5.9	4.6	7.1	9.1	5.7	6.9	8.4	4.2	5.7	7.5
6.0	7.9	9.9	9.3	11.4	14.2	9.9	11.6	13.1	9.5	11.1	12.7
$1075	$1717	$1983	$1731	$2152	$3142	$1878	$2580	$3296	$2264	$3317	$3603

(Continued on next page)

Exhibit 47 (continued)

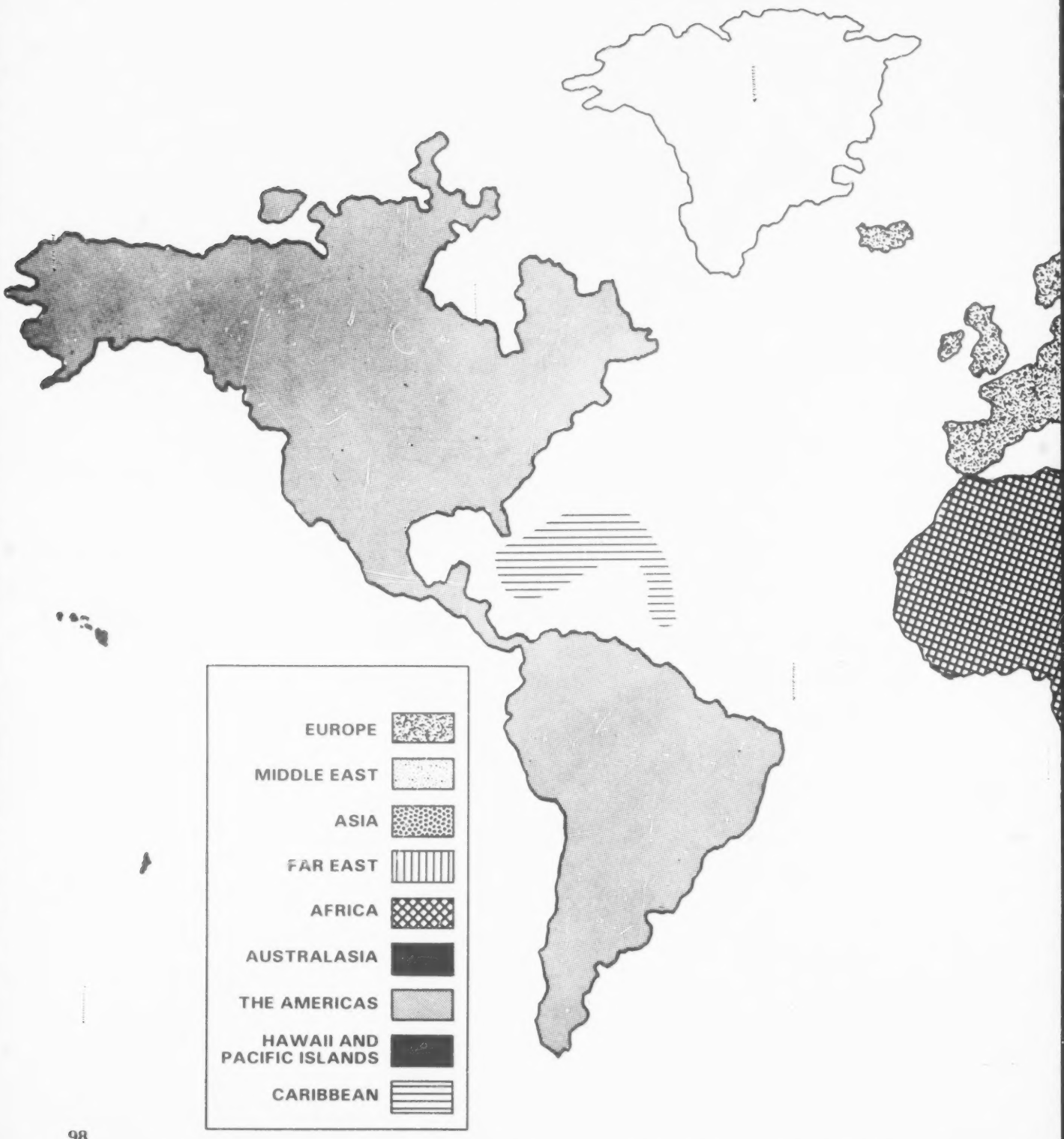
	Far East			Hawaii & Pacific Islands			Middle East		
	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
Marketing									
Ratio to Room Sales	5.1%	5.9%	12.7%	5.1%	5.8%	7.9%	4.8%	6.2%	9.4%
Ratio to Total Sales	2.5	3.3	4.1	2.9	3.2	3.4	2.4	3.2	4.3
Cost Per Available Room	$ 761	$ 868	$ 240	$ 485	$ 983	$1152	$ 631	$ 893	$1357
Energy Costs									
Ratio to Room Sales	7.0%	10.5%	20.5%	4.3%	5.2%	10.5%	4.5%	7.8%	10.6%
Ratio to Total Sales	3.9	4.9	8.1	2.4	33.1	5.2	2.2	3.8	5.0
Cost Per Available Room	$1191	$1498	$1793	$ 837	$ 981	$1494	$ 628	$ 965	$1264
Property Operation & Maintenance									
Ratio to Room Sales	6.5%	11.0%	12.4%	8.1%	13.5%	16.2%	9.7%	14.1%	17.9%
Ratio to Total Sales	3.6	4.0	5.0	5.0	6.2	7.3	5.3	7.1	8.6
Cost Per Available Room	$ 891	$1007	$1846	$1092	$1516	$2075	$1340	$2057	$2594
Current Assets									
Accounts Receivable (Net)									
Amount Per Room	$1554	$2205	$4763	$825	$1465	$1746	$2002	$3638	$5467
Ratio to Total Sales	5.8%	8.1%	12.1%	1.9%	5.5%	6.9%	9.0%	11.2%	18.0%
Annual Turnover	9	14	18	9	11	14	8	10	12
Food Inventory									
Amount Per Room	$ 94	$ 196	$ 393	$ 146	$ 252	$ 354	$ 233	$ 384	$ 546
Annual Turnover	8	19	24	5	13	13	6	11	12
Beverage Inventory									
Amount Per Room	$ 96	$ 159	$ 292	$ 91	$ 380	$ 397	$ 47	$ 193	$ 373
Annual Turnover	2	5	7	2	3	3	2	4	5
Current Position									
Current Assets for Each Dollar of Current Liabilities	$1.34	$1.54	$2.13	$0.80	$0.91	$0.95	$1.05	$1.50	$2.08

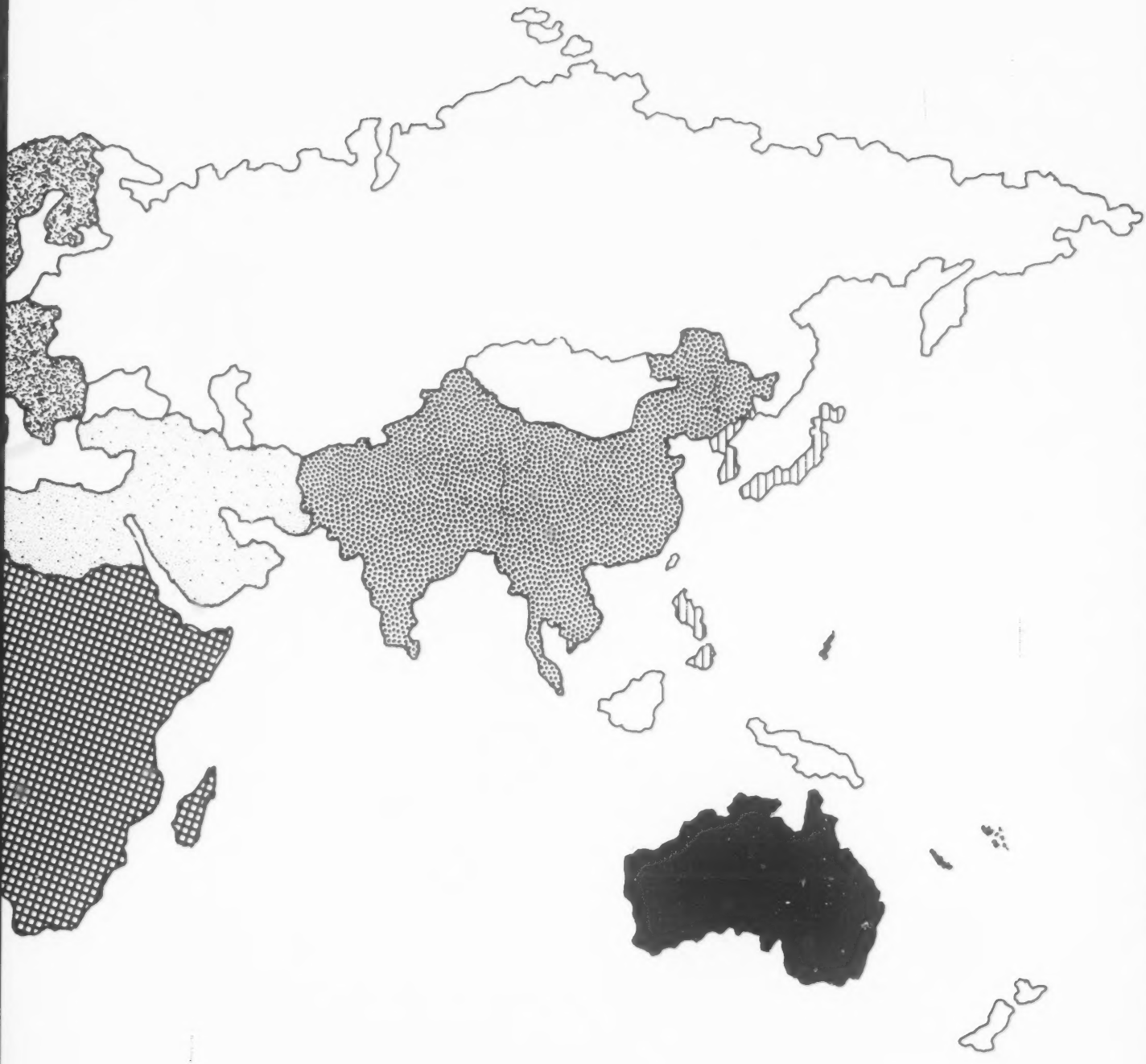
*After credit for employees' meals.
N—Negligible amount.

Canada			Mexico			United States			South America		
Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile	Lower Quartile	Median	Upper Quartile
5.8%	8.2%	11.5%	6.1%	9.0%	11.2%	5.9%	7.3%	8.3%	3.9%	6.4%	8.9%
3.3	4.9	5.6	3.2	5.2	6.0	3.2	4.3	4.9	2.1	3.1	4.6
$ 463	$ 800	$1210	$ 649	$ 879	$1157	$ 721	$1005	$1238	$ 691	$ 839	$1011
5.3%	6.6%	7.9%	4.0%	4.6%	6.1%	6.0%	7.2%	9.6%	3.9%	6.5%	7.2%
2.7	3.4	4.5	2.1	2.3	3.0	3.6	4.4	5.4	1.9	3.4	4.1
$ 475	$ 648	$ 848	$ 404	$ 545	$ 679	$ 723	$ 991	$1230	$ 690	$ 792	$ 879
8.2%	12.3%	14.8%	8.6%	11.6%	17.1%	7.2%	8.9%	11.6%	10.3%	14.2%	17.9%
4.2	5.8	6.9	4.2	6.8	9.1	4.4	5.3	6.8	6.1	7.2	8.7
$ 809	$1298	$1477	$ 849	$1119	$1638	$ 821	$1208	$1660	$1311	$2173	$2684
$ 442	$1168	$1601	$ 543	$1652	$2159	$ 639	$ 943	$1475	$1287	$2985	$3713
2.1%	5.0%	5.6%	3.7%	7.3%	10.6%	3.4%	4.4%	5.4%	6.4%	8.9%	14.2%
11	20	30	12	25	29	18	23	30	3	10	13
$ 65	$ 109	$ 130	$ 70	$ 94	$ 166	$ 49	$ 66	$ 82	$ 132	$ 145	$ 213
17	22	27	7	18	24	24	28	35	15	19	21
$ 107	$ 214	$ 270	$ 113	$ 127	$ 286	$ 40	$ 49	$ 66	$ 139	$ 222	$ 316
4	5	7	2	4	5	6	8	10	2	4	5
$0.42	$ 1.00	$ 1.31	$0.91	$ 1.39	$ 1.69	$0.55	$ 1.02	$ 1.51	$ 1.10	$ 1.28	$ 1.37

Appendix 1

This report contains data from hotels in the regions indicated on the map below





Appendix 2
Explanation of Terms and Bases Used

The accounting information has been accumulated using the 7th revised edition of the *Uniform System of Accounts for Hotels,* approved by the American Hotel & Motel Association, as a basis. The following paragraphs define the terms used in this study.

Room Sales
This category includes revenue from guest accommodations rented on a part-day, full-day, or longer period basis. The figures are net of any sales or turnover taxes and service charges paid to employees.

Revenue from public rooms ordinarily used for food and beverage service is not included in room sales.

Food Sales
This category includes revenue derived from the sale of food in restaurants, through room service or at banquets. Sales do not include meals charged by hotel management staff.

Beverage Sales
This category includes revenue from the sale of wine, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks. Sales do not include beverages charged by hotel management staff.

Minor Operated Department Sales
This category includes revenue derived from telephone, laundry and valet services. It also includes income from casino operations, pool club memberships and other departments operated.

Other Income
This category includes profit on foreign exchange, concession income and other income such as commissions from auto rentals, garage, parking lots and salvage.

Store Rentals
This category includes all income from rental of stores and showcases.

Cost of Food Sales
This category includes the cost of food served to guests, together with transportation and delivery charges, at gross invoice price less trade discounts. The cost of employees' meals is charged to the appropriate department and does not constitute a part of the cost of food sold.

Cost of Beverage Sales
This category represents the cost of wines, spirits, liqueurs, juices, beers, ale, porter, mineral waters and soft drinks and all other material served as beverages, or used in the preparation of mixed drinks, at gross invoice price less trade discounts, plus import duties, transportation and delivery charges. The cost of employees' beverages is charged to the appropriate department and does not constitute a part of the cost of beverages sold.

Cost of Minor Operated Department Sales
This category represents the cost of telephone, laundry and valet sales and any other minor operated department sales.

Rooms Payroll
This category includes salaries and wages of personnel of the rooms department (front office, doormen and porters).

Also included are the employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Food and Beverage Payroll
This category includes salaries and wages of personnel in the food and beverage department (purchasing, receiving, storage, preparation, service, dish-

washing, cashiers, and control). Also included are all employee benefits, such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions.

Minor Operated Department Payroll

This category includes salaries and wages of personnel in all minor operated departments, including telephone, guest laundry, valet, casino and pool. Also included are all employee benefits such as payroll taxes, social insurance, vacation and holiday pay, employees' meals, awards, social activities and pensions. House laundry and employee cafeteria payrolls are not included as they have been allocated to the various departments and are included in other expenses.

Other Expenses

The term "other expenses" can cause confusion. At first sight, it is a loose term—for example, the expression "wages and other expenses" could be interpreted as "wages and all additional expenses incurred in operating a facility." However, its meaning is precise and refers to direct departmental expenses incurred in the operation of a department or service (rooms department, sales office).

Rooms, Other Expenses

This category represents expenses other than rooms payrolls as defined above, such as rooms cleaning supplies, guest supplies, laundry, linen, reservation expenses, paper supplies and travel agents' commissions.

Food and Beverage, Other Expenses

This category includes items such as china and glassware, cleaning supplies, decorations, guest supplies, laundry, linen, music and entertainment, menus and beverage lists, silver and uniforms.

Minor Operated Departments, Other Expenses

This category includes items such as telephone equipment rental, laundry supplies, casino uniforms, casino entertainment and pool supplies.

Undistributed Operating Expenses

This classification is used for (1) administrative and general expense, (2) marketing expense, (3) energy costs, and (4) property operation and maintenance expense. Each of these can be considered as an individual entity. Some examples of the expenses included are:

- Administrative and general other expense includes cash overages or shortages, commissions on credit cards, collection charges, executive office expense, general insurance, postal, legal expense, trade association dues, traveling expenses, accountants and consultants fees.
- Marketing other expense includes advertising in all media and applicable travel expenses and supplies.
- Energy costs include the cost of electrical power, fuel, steam and water.
- Property operation and maintenance includes the cost of repairing buildings, electrical and mechanical equipment and fixtures, floor coverings, furniture, grounds and landscaping plus the cost of electric bulbs, mechanical supplies and removal of waste matter.

Income Before Fixed Charges

For purposes of this study, income before fixed charges is defined as the total of rooms department income, food and beverage department income, minor operated department income, store rentals and other income, less all undistributed expenses.

There are thus three levels of profit in the study. The first level is departmental profit (rooms, food and beverage, minor operated); the second is gross income (the sum of departmental profits plus store rentals and other income); the third is income before fixed charges (gross income less undistributed operating expenses).

Room Statistics

The published number of rooms for rental in a hotel usually differs from the actual number of rooms available—only the rooms permanently available to the public are used in computing ratios.

The number of rooms available in a period (usually a year) is the number permanently available multiplied by the days in the period.

The number of rooms occupied is the sum for the period of rooms rented to guests daily.

The number of guests is the sum of the daily house counts for a period.

Rate of Occupancy

The rate of occupancy is derived from the room statistics above. The average annual room occupancy is the ratio of total occupied rooms to total available rooms.

Average double occupancy is represented by total number of guests divided by total number of rooms occupied. This result can be expressed either on a guests per room basis, or as a percentage. Thus,

$$\frac{\text{total number of guests}}{\text{total occupied rooms}} = \frac{75}{50} = 1.50$$

This can be expressed as a double occupancy of 50 percent, or as 1.5 guests per occupied room.

Average Rate

There are two quantities widely used to express rooms sales on a unit basis—average room rate and the average rate per guest.

The average room rate is defined as room sales divided by the total number of rooms occupied.

The average rate per guest is defined as room sales divided by the total number of guests.

Number of Times Average Room Rate Was Earned

This measurement of operating efficiency is calculated by dividing income before fixed charges (house profit) per available room by the average room rate.

Food and Beverage Department

The ratios in the restaurant department are based on total food and beverage sales. The single exception is cost of sales. Cost of food sold is expressed as a percentage of food sales. Similarly, the cost of beverages sold is expressed as a percentage of beverage sales.

Current Ratio

The current ratio is defined as current assets, divided by current liabilities. The current portion of long-term debt has been excluded from current liabilities.

Inventory Ratios

Inventory figures taken from the balance sheet have been directly related to operations.

Average inventory is the sum of opening and closing inventories divided by two.

The turnover ratios represent cost of sales divided by average inventory.

Accounts Receivable Ratio

Average accounts receivable is the sum of opening and closing accounts receivable divided by two.

The turnover ratio represents sales divided by average accounts receivable.

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